Toronto.

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Housing Department Progress Report

1974

City of Toronto

City of Toronto
Housing Department

Michael Dennis
Commissioner

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February 3, 1975.

Alderman M. D. Goldrick,
Chairman,
Urban Renewal, Housing, Fire and
Legislation Committee,
City Hall.

Dear Alderman Goldrick:-

I am pleased to submit for the consideration of the Urban Renewal, Housing, Fire and Legislation Committee, a Progress Report on the activities of the Housing Department during 1974.

As you know, on December 19th, 1973, City Council approved a housing policy and housing targets for the City of Toronto, and authorized the explicit role of co-ordinator of all housing activities and direct provider of housing services within the City. A year has passed since the publication of the Housing Work Group's Living Room report and a review of the adopted policies and targets is important to ensure that these are still relevant in the current political and market context.

This report gives an account of the operations of the Housing Department in its first several months of work, ending in December, 1974. The programs administered by the Housing Department have been reviewed from several perspectives. The first consideration was consistency with the expectations of the Living Room policy statement. Secondly, the Housing Department has re-assessed the context of City policy with respect to the activities of the Federal and Provincial governments and the efforts of Metropolitan Toronto to determine its role in the field. The third major component of the review is the housing market environment and economic conditions generally. The fourth part is a review of the assisted housing programs for which the Department is either responsible for program delivery or co-ordination. (These do not include the rehabilitation programs which are the responsibility of the Development Department.) Private market performance has not been canvassed in detail because of the lack of staff to deal with that aspect of the Housing Department's co-ordinating function.

February 3, 1975.

The Housing Department wishes to place its program before the newly-elected City Council for renewed discussion of the City's work in housing and for consideration of the proposals raised in this report for improving the City's capacity to attain the fundamental goals in housing to which the City has committed itself.

This Progress Report is not intended to replace Living Room, the City's approved housing policy. It assembles in one document the various policy decisions taken by Council, both in that report and subsequently, and the progress made in implementing them, and proposes modifications based on the implementation experience. Council policies for which modifications are not recommended continue in force and are not reproduced as recommendations in this report.

Yours sincerely,

Michael Dennis

Commissioner of Housing.

Enc.

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SUMMARY OF RECOMMENDATIONS

Chapter I: The Policy Context

1. That City Council adopt as its target for 1975 the approval of projects containing 6,000 housing units, of which 3,000 would be assisted housing units and 3,000 private market units.

Chapter II: City Land Banking

1. That City Council endorse the land assembly and banking program objectives set out in this report.

2. That City Council adopt the target of an average of 30 per cent family units in assisted housing on land banking sites in excess of one acre in size.

3. That City Council instruct the Commissioner of Housing to:
   a) Report further on a proposal for a comprehensive market study to develop assumptions regarding future housing need and demand in the City for units in various sizes and price ranges, and
   b) discuss with the appropriate federal and provincial officials the participation of the senior levels of government in the study.

4. That the Commissioner of Housing be instructed to:
   a) Apply to Central Mortgage and Housing Corporation

under Section 42 of the National Housing Act for a commitment of $9 million from fiscal 1975 land banking funds, and

b) formally seek approval of that request from the Minister of Housing.

5. That the Metropolitan Toronto Council be asked to indicate to the Provincial Minister of Housing that it has no objection to the borrowing contemplated in Recommendation 4 a) above.

6. That the City Solicitor be instructed to seek the approval of the Ontario Municipal Board under Sections 63 and 64 of the Ontario Municipal Board Act to the borrowing recommended in 4 a) above and for approval of the use of $1 million to be allocated in the 1975 Capital Budget for land banking.

7. That the $1 million to be provided by the City form part of the City's prior authorization request to Metropolitan Toronto and the Ontario Municipal Board.

8. That, subject to all necessary ministerial, legislative and financial approvals, land be acquired in the land banking categories set out in the Living Room report, and subject to the considerations set out in that report.

9. That the Commissioner of Housing, in consultation with the Commissioner of Planning, prepare for the consideration of the Executive in Conference sites falling within those categories.

10. That, for the purpose of 8 above, the Director of Real Estate or such person, firm or corporation designated by him, in consultation with the Commissioner of Housing and at the direction of the Executive Committee, be authorized to acquire options on specific sites within the land banking categories set out in the Living Room report and, subject to considerations contained in that report, for a period not to exceed six months and at a consideration not to exceed ten per cent of the purchase price and, for this purpose, funds be provided from capital funds budgeted for land banking.

11. That City Council instruct the Commissioner of Housing, in consultation with the Commissioner of Planning, to bring forward proposals for mixed residential-commercial developments in various parts of the Core Area.

12. That City Council request Central Mortgage and Housing Corporation to review its 20 per cent of floor area limit on the commercial portion of mixed residential-commercial developments.

13. That City Council authorize the Commissioner of Housing to engage foundation consultants from time to time to carry our borings, test soils and prepare reports on foundation requirements for lands under consideration for acquisition in the City land banking program, at a fee not to exceed $2,500. per site, and that the appropriate officials be authorized to prepare and have executed the necessary contracts, with such funds being provided in the Housing Department budget for that purpose, and chargeable to the project if subsequently approved for housing purposes.

Chapter III - City Non-Profit New Housing Program

1. That Council endorse the program and targets set out in this report.

2. That Council request, on behalf of City of Toronto Non-Profit Housing Corporation, that Central Mortgage and Housing Corporation in 1975 commit $25 million for new production by that Corporation and that individual project approvals under the non-profit new production program be delegated to the Branch Office of Central Mortgage and Housing Corporation.

3. That Council instruct the Commissioner of Housing to report on the desirability and suggested terms of a

proposal call for privately-produced new units to be sold to the City of Toronto Non-Profit Housing Corporation.

Chapter IV: City Non-Profit Acquisition and Renovation Program

1. That City Council adopt the acquisition and renovation program and targets set out in this report.

2. That the Commissioner of Housing be instructed to apply, on behalf of the City of Toronto Non-Profit Housing Corporation, to Central Mortgage and Housing Corporation for a $10 million loan commitment under Section 15.1 of the National Housing Act for the acquisition of existing housing.

3. That the Acquisition Program be operated on a full recovery basis, serving families with incomes from $7,000 to $12,000 and individuals with incomes from $4,000 to $8,500, and that rent supplements be made available in accordance with Recommendation 4.

4. That City Council request the Minister of State for Urban Affairs to:-
   a) establish no particular percentage limit or restriction to family units in the guidelines for permanent funding of the Rent Supplement Program;

b) instruct federal officials to deal with each application on its merit and to grant requests for rent supplement for larger proportions of units:

   (i) when the project is particularly small or when individual units are scattered;

   (ii) when special groups such as senior citizens or the physically handicapped are being accommodated;

   (iii) when the neighbourhood itself is made up of primarily low income families and is sympathetic to the project;

c) ensure that administration of the Rent Supplement Program and consideration of individual applications rests with Branch Offices of Central Mortgage and Housing Corporation.

5. That City Council instruct the Commissioner of Housing to report further on a study proposal for a program evaluation of the City Non-Profit Acquisition and Renovation Program, and to discuss with the appropriate federal and provincial officials their participation in the study.

<u>Chapter V: Private Non-Profit Housing: New and Existing</u>

1. That City Council instruct the Commissioner of Housing to report further on a program of City grants to non-profit groups and tenants' associations.

2. That City Council urge the Central Mortgage and Housing Corporation to make start-up grants to private non-profit groups non-repayable to the extent that they include all the costs of preparing a project up to the stage of C.M.H.C. mortgage commitment.

3. That City Council urge the Central Mortgage and Housing Corporation to adjust its surcharge system so as to be compatible with the rent supplement criteria proposed by the Province.

4. That City Council request the Central Mortgage and Housing Corporation to decentralize its decision-making processes to the Toronto Branch Office to accelerate the processing of applications.

Chapter VI: Senior Citizen

1. That the City Council instruct the Commissioners of Housing and Planning to review potential sites for Senior Citizen projects and recommend sites which may be assembled by the City with a view to developing design guidelines and offering such sites to the Metropolitan Toronto Housing Company Limited for construction and management.

2. That City Council recommend to Metro Council that the minimum age for admission to Senior Citizen housing projects be lowered from 60 to 55 years.

3. That City Council request the Metropolitan Toronto Housing Company Limited to introduce a selection criterion which would give additional weight to the applications of residents of an area municipality who wish to be accommodated in Metro Senior Citizen housing within the area municipality.

4. That City Council request the Metropolitan Toronto Council to reconsider the one-year residency requirement established for Metro Senior Citizen and other public housing in general and with particular reference to projects located in the City of Toronto.

5. That City Council request the Province to pay 42.5 per cent of operating losses on existing Senior Citizen housing projects.

Chapter VII: Private Production

1. That the Federal and Provincial Governments be requested to seek the concurrence of the City for making funding commitments under the Low Rental Housing Program.

2. That the requirement of the tendering for rent supplement purposes of up to 20 per cent of the units in all privately-produced rental housing which require a rezoning be dropped in 1974 and that the Commissioner of Housing be instructed to report on this matter as part of the proposed housing policy to succeed Living Room.

3. That Council indicate to the Federal and Provincial Governments that it has no opposition to increased funding of the Low Rental Housing Program provided that qualititive standards are set at an adequate level and provided that sufficient funds are provided in total to meet program objectives in the Non-Profit, Land Banking and Senior Citizens' program.

4. That the tendering of units for Assisted Home Ownership not be a condition of rezoning and that the Commissioners of Housing and Planning be instructed to report on an incentive system in which higher densities would be allowed to developers who agree to provide a proportion of the units in a given project for assisted housing purposes.

CHAPTER I

THE POLICY CONTEXT

1974 marked the City's return to a direct, active role in the housing field. In response to public concern regarding the cost, availability, location and form of new housing being produced, City Council accepted responsibility for directing the flow of new housing production and for ensuring the preservation of existing neighbourhoods and the upgrading of the existing housing stock.

Targets were set for: the volume of new units to be produced; their distribution by income group and family type; production under various government programs to reach the target income groups; and units to be repaired and rehabilitated. Council's preference for shifting development from existing residential neighbourhoods into commercial and obsolete industrial areas was stated.

In order to ensure that the target income and family distributions were met, Council launched several new programs, taking advantage of recent amendments to the National Housing Act which provided for the funding of housing programs undertaken by municipalities. Council launched an ambitious land banking and land assembly program to provide the sites on which the proposed assisted housing would be built. It undertook to build and acquire moderate income rental housing through the vehicle of a City - owned non-profit housing corporation. It assumed responsibility for the administration of grants under the federal rehabilitation

program. It assumed responsibility for co-ordinating and facilitating the provision of assisted housing by other producers, whether public, private non-profit or private market, to ensure that its objectives for the production of assisted housing were met and for co-ordinating the provision of housing by private market producers.

To give effect to these new program delivery and co-ordinating functions, Council established a Housing Department in May of 1974, with a staff complement of twenty. Staff were hired during the Summer and Fall of 1974. In July, 1974, upon the passing of the necessary provincial legislation, the City of Toronto Non-Profit Housing Corporation was established. It is the body which acquires, renovates and operates existing housing and which develops and constructs new housing, with financing from Central Mortgage and Housing Corporation.

Council Targets, 1974 and 1975

Council adopted the following targets for each of 1974 and 1975:

(a) The production of 4,000 new units; to include

(b) The production of 2,000 new assisted units, as defined in Living Room of which 1,000 would be produced for low income households and 1,000 for moderate income households, with low income defined as under $7,000 and moderate income as $7,000 to 12,000;

(c) Thirty-five to forty per cent of all new production be family housing and that half of all new assisted housing be suitable for families;

(d) The acquisition of 600 existing housing units, 300 by the City and 300 by private non-profit groups;

(e) The rehabilitation of 600 housing units, about 200 of which will be acquired under (d).

It proposed the following distribution of activity and allocation of funds under various assisted housing programs:

	New Housing Units	Production Cost $ Million	Acquisition of Existing Housing Units	Cost $ Million
Public Housing	300	$ 7.5		
Senior Citizen	250	$ 4.5		
City Non-Profit	600	$15.0	300	$ 6.0
Private Non-Profit	400	$10.0	300	$ 6.0
Assisted Homeownership	250	$ 7.5		
		$44.5		$12.0
Land Assembly		$10.0		
Rehabilitation			600	$ 2.0
		$54.5		$14.0

Governmental and Market Context

The targets and proposed program activity arose in the governmental and market context of the Fall of 1973. Neither the Province nor Metropolitan Toronto had at that time adopted explicit housing policies or housing production, distribution or rehabilitation targets. In that policy vacuum the City was stating that it would adopt a policy of limited, reasonable growth, in keeping with historic levels of production, but with a greater emphasis on family housing and on low and moderate income housing, particularly rental housing. Increased emphasis on assisted housing under government subsidy programs would be the major policy lever which the City could utilize to deal with housing

price inflation and the affordability of housing. Strong reliance would continue to be placed on market production, which would continue to provide more than half the new housing produced annually in the City. It would be required to provide more family units, but two thirds of the family units would have to be built under assisted housing programs.

The assisted housing programs which would be employed would be N.H.A. programs, both the new non-profit, rehabilitation and assisted home ownership programs and the existing senior citizen, public housing, and land assembly programs. (At that time there were no new provincial programs to consider and existing programs were of limited use in the City). Production would be spread among a variety of producers. In particular, strong support would be given to the development of a production capability in the private non-profit sector. To as great an extent as possible, low income housing programs would be operated so that the housing would be integrated with the rest of the community. Priority would be given to rental housing as a long term community asset.

In the Fall of 1973, we were concerned about the dramatic increase in the price of housing, particularly single family housing and about the impact of expensive money and rising construction costs (of the order of ten per cent from 1968 to 1973 and fourteen per cent from 1971 to 1973) on apartment costs and therefore rents.

However, while there were problems ahead, 1973 was a record year for housing production in the country, the Province and Southern Ontario. No one foresaw the tremendous rate of increase in house prices, construction costs and interest rates which occurred during the first half of 1974 and which led to a drastic reduction in housing starts during the latter half of the year, which will carry forward into the first part of 1975. The extent of that slowdown is set out below.

The net effect of that slowdown and of the lead time required to establish the City Housing Department was that 1,939 units were started in the City in 1974, and only a very small proportion of those were assisted housing units. More than half the starts, 1,081, were contained in one project, West St. James Town. Even it does not appear to be progressing as it has barely gotten beyond the excavation stage after some six months. A number of projects either approved by Council or having the necessary zoning (and frequently building permits) to proceed have not commenced construction because present high interest rates render them uneconomic.

This situation highlights the inability of the City to ensure that housing is produced by the private sector. The Living Room report spoke in terms of production targets. The 1974 experience demonstrates the need to restate City objectives in terms of approvals, i.e., in terms of Council having taken all the steps which it can to facilitate the construction of the project.

Performance under Assisted Housing Programs

As noted above, not only did market production or approvals not meet the Living Room objectives, but the assisted sector also did not achieve the targets adopted. This was due to a number of factors: the startup time required to establish the City and private non-profit organizations; lack of available land until the land assembly program got underway; problems with program guidelines, particularly in the assisted home ownership program; and lagging performance under programs delivered by other levels of government.

The non-profit housing program was the most successful of the various programs under which activity was anticipated in the Living Room report. Acquisition activity by both the City and the private non-profit groups was substantially in excess of the targets set out.

New production by the private non-profit groups met the Living Room objective, although it consisted primarily of senior citizens' housing rather than a substantial component of family housing as had been expected. Funds were committed for 300 new units to be constructed by the City of Toronto Non-Profit Housing Corporation on which construction will begin in the next several months. This fell short of the suggested six hundred unit total, although planning and design work is underway on three land assembly sites secured during 1974 which will bring City of Toronto Non-Profit

Housing Corporation production in its first year of existence well above that total.

Concerned about the developing rental housing shortage and the failure to meet its stated goal for City non-profit production in 1974, Council in October embarked upon a Rental Action Program under which the City of Toronto Non-Profit Housing Corporation would have under construction 1500 new non-profit rental housing units by the fall of 1975. As part of that program, it committed itself to substantial expenditures from municipal revenues for architectural consultants to be hired in advance of land acquisition and federal funding and to other measures to accelerate the planning and development of non-profit housing sites.

At the same time, Council reviewed its proposed program targets for 1975 and submitted a capital budget request to Central Mortgage and Housing Corporation, calling for a substantial increase in funding of assisted housing programs in the City from the $68.5 million annually contemplated in Living Room to $104.5 million.

For the most part, that increase involves a carry forward of funds requested in 1974 but not committed during that year. About two-thirds of the $68.5 million requested was committed in 1974. Unfortunately, approvals under the public housing,

senior citizen and assisted home ownership programs last year were minimal. Under the first two programs, the primary difficulty was the lack of available sites. In the assisted home ownership program, the very high selling prices during the year combined with the low cost limits of the program to render it inoperable.

However, allowable selling prices under that program were increased, subsidies were deepened, and the market has softened to the point where builders are now prepared to charge lower prices and it appears that the program will be more attractive, particularly in the light of continuing high interest rates. Similarly, with the City moving to acquire land, some of which would be suitable for senior citizens' housing, with a housing staff in place and actively negotiating with private developers for the provision of assisted housing and with the new emphasis on the provision of housing in the Core, the prospects for a substantial increase in senior citizens' housing seem good.

Council therefore revised its production targets for assisted housing, as set out in Table I below. In particular, it increased the total target from 1800 to 3000 units, with major increases coming in City non-profit housing (from 600 to 1000 units), senior citizens' housing (from 250 to 1000 units) and assisted home ownership (from 250 to 400 units).

TABLE I

COMPARISON OF LIVING ROOM PROGRAM - 1974 & 1975
AND PROPOSED CITY OF TORONTO HOUSING PROGRAM - 1975

	NEW				EXISTING			
	Units		Cost ($ Million)		Units		Cost ($ Million)	
	Living Room	Proposed 1975	Living Room	Proposed 1975	Living Room	Proposed 1975	Living Room	Proposed 1975
Land Banking			$10.0	$10.0				
City Acquisition					300	400	$ 6.0	$10.0
City Non-Profit New Production	600	1,000	15.0	25.0				
Private Non-Profit Acquisition					300	300	6.0	7.5
Private Non-Profit New Production (Inc. co-ops)	400	400	10.0	10.0				
Senior Citizen	250	1,000	4.5	20.0				
Assisted Home Ownership	250	400	7.5	16.0				
Limited Dividend		200		5.0				
Public Housing	300		7.5					
Rehabilitation Grants								
- City)					)	400)		1.0
)					)600	)	2.0	
- Private Non-Profit)					)	300)		.75
NOTE: Funding Requirements for private rehabilitation to be obtained from City Development Department.								
TOTAL	1,800	3,000	$53.5	$85.0			$14.0	$19.25

TABLE II

HOUSING STARTS IN CITY AND METROPOLITAN
TORONTO, 1973 AND 1974

	City of Toronto 1973	City of Toronto 1974	Boroughs 1973	Boroughs 1974	Metro Toronto 1973	Metro Toronto 1974
January	429	29	1,267	1,137	1,696	1,166
February	463	-	290	1,334	753	1,334
March	292	20	1,610	1,532	1,902	1,552
April	262	356	2,090	1,617	2,352	1,973
May	112	274	1,122	1,543	1,234	1,817
June	307	1,120	1,546	1,122	1,853	2,242
July	541	15	2,657	1,449	3,198	1,464
August	30	24	1,581	1,953	1,611	1,977
September	24	32	1,695	827	1,719	859
October	468	19	1,072	722	1,540	741
November	32	30	1,191	547	1,223	577
December	36	20	1,190	530	1,226	570
TOTAL	2,996	1,939	17,311	14,333	20,307	16,272

Source: CMHC, Ontario Housing Statistics, 1973-1974

Housing Market Conditions

Almost every indicator shows the housing market to be in real trouble. From mid-1974 to the present, each month has shown a declining number of housing starts in comparison with corresponding months in 1973. For November, 1974, the drop in production was 45 per cent in urban Ontario and 66 per cent in the Toronto Census Metropolitan Area. In the City of Toronto starts were under 2000 in number, i.e., half the Living Room target and two-thirds the 1973 level. Comparing 1974 with 1973, starts were off by 25 per cent in Metro as a whole and 18 per cent in the boroughs, with almost all the cutback occurring in the second half of the year (See Table II).

The housing starts picture, although regarded as the major indicator of the health of the housing market, is relevant to the supply and price of housing eighteen months later. More relevant to the immediate situation are the balance between supply and demand demonstrated in part by vacancy rate figures, and data on units under construction which indicate the amount available in the immediate future.

Table III establishes the precipitous decline in vacancy rates over the last several years in both the City and Metro, to the point where the rate was one per cent in December, 1974.
In Table IV one can see the substantial reduction in units

TABLE III

VACANCY RATES IN APARTMENT STRUCTURES OF SIX UNITS AND OVER, PRIVATELY INITIATED IN CITY AND METROPOLITAN TORONTO, 1963 - 1974

1963 - 1974
(Per Cent)

	1963	1964	1965	1966	1967	1968	1969		1970		1971		1972		1973		1974	
	Summer	Summer	Summer	Summer	Summer	Summer	June	Dec.	June	Dec.	June	Dec.	June	Dec.	June	Dec.	June	Dec.
City of Toronto	3.6	2.8	1.5	*	*	1.7	1.9	1.2	1.7	1.6	2.8	2.4	2.7	1.5	2.2	1.4	1.3	1.0
Metropolitan Toronto	3.9	2.6	1.5	1.0	1.4	1.4	2.4	2.0	2.7	2.6	2.9	3.4	3.1	2.4	2.0	1.5	1.1	1.0

SOURCE: C.M.H.C., Apartment Vacancy Survey, June, 1974.

TABLE IV

HOUSING UNITS UNDER CONSTRUCTION
CITY AND METROPOLITAN TORONTO,
1973 and 1974

	City		Metro	
	1973	1974	1973	1974
January	5,908	5,947	28,915	29,537
February	6,354	5,640	28,587	29,986
March	6,640	5,636	30,108	30,197
April	6,878	5,303	31,720	29,598
May	6,823	5,292	31,657	28,990
June	7,089	6,409	32,430	30,012
July	7,286	5,450	33,293	28,078
August	7,119	5,158	32,760	23,293
September	6,893	4,307	33,585	26,489
October	6,380	3,499	31,346	24,177
November	6,269	3,242	30,398	22,632
December	6,395	3,100	29,545	22,063

SOURCE: Central Mortgage and Housing Corporation,1975

under construction, which means that there will be little relief on the supply side over the next two years, i.e., until units started in 1975 are completed and come onto the market.

Given the tight supply of housing and continuing high rates of new household formations and immigration, high rates of housing price increase were experienced in 1974. During the first half of the year, existing house prices rose by a phenomenal 26 per cent. The rapid increase in interest rates and the introduction

by the Province of the land speculation tax had the effect of cooling out demand and cutting back prices, at least temporarily. Over the second half of the year, prices declined slightly and the rate of increase taken over the entire year was 22 per cent. It remains to be seen whether the reduction in interest rates which appears to be gathering momentum at this time will bring buyers back into the market in large number and lead to another round of dramatic price increases.

TABLE V

HOUSE SALES AND AVERAGE PRICES
CITY OF TORONTO, 1974

	Number of Sales	Average House Price $
East Toronto	1,643	39,363
West Toronto	1,165	46,458
North Toronto	876	58,750
Central Toronto	1,239	48,320
City of Toronto	4,923	46,760

SOURCE: Toronto Real Estate Board, 1975

TABLE VI

MONTHLY HOUSE SALES AND AVERAGE PRICES, METROPOLITAN TORONTO, 1974

	Number of Sales	Average House Price $
January	1,951	45,187
February	2,310	47,148
March	2,720	47,148
April	1,753	50,435
May	1,596	57,461
June	1,477	56,169
July	1,319	56,884
August	1,389	56,020
September	1,240	54,321
October	1,788	53,818
November	1,858	54,051
December	1,279	55,517
TOTAL	20,680	52,806

SOURCE: Toronto Real Estate Board, 1975

Data on increases in rent levels are more difficult to obtain and are not available on a month-by-month basis. C.M.H.C. sample surveys, discussions with developers and newspaper articles seem to indicate that around the time that the house market began to cool off, rents began to increase at the rate of 12 to 15 per cent per year and that in some cases two and three year leases were being renegotiated on that basis.

Even with substantial increases in the level of wages, this put considerable pressure on moderate family incomes. The C.M.H.C. rental survey of apartment buildings for Summer 1974, showed that there were few areas of the City where such accommodation was available at rentals appropriate to family incomes below $10,000. The survey showed the following average rents for two bedroom apartment units in various areas of the City. The corresponding family incomes have been calculated on the basis of paying 25 per cent of family income for shelter.

Neighbourhood	2-Bedroom Apartment Rental	Family Income
High Park	$261.00	$12,528.
Dufferin South	$210.00	$10,080.
Bloor-Yonge	$370.00	$17,760.
St. James Town	$219.50	$10,512.
Davisville-Yonge	$280.00	$13,440.
St. Clair-Yonge	$324.00	$15,552.

The outlook for private market production in 1974 remains clouded and difficult to predict. During 1974, construction costs continued to escalate even more rapidly at a rate of 15 per cent. Interest rates rose from 10 per cent in the fall of 1973 to 12 per cent by the end of the year, although they may now come down by about 1 per

cent. According to the Ministry of Housing, operating costs for multiple buildings rose by as much as 30 per cent over the course of the year. Under those circumstances and despite sharp increases in rents, it seems unlikely that much private market rental housing will be produced, other than under assisted housing programs. (A sharp drop in interest rates would of course change matters considerably).

During 1974, most private developers, both in the City and Metro were far more interested in building condominium projects. The Living Room report had not considered that eventuality, as condominium production had been very limited in the past. The rapid increase in existing house prices to the point where middle income families could not afford them and the strong attraction of the City core as a place to live opened new marketing possibilities to private developers, particularly because purchasers appeared to be prepared to pay much higher carrying costs for the same unit in ownership than they would for rental.

However, the substantial rise in interest rates, reduced consumer confidence, and the thin market of purchasers with incomes of $20,000 plus has made the production of market level condominia less attractive. Developer interest has turned toward moderate income purchasers under government assisted housing programs. Provincial officials report that in subdivisions being built under the Ontario Housing Action Program, where 40 per cent of

the units are to be assisted with reduced mortgage rates and 60 per cent market units, developers are choosing to build only the assisted units at this time. One small developer whom the City had to press to provide 10 assisted housing units in a 40 unit project is now seeking to fund the entire project under the assisted home ownership program.

As with the rental sector, unless interest rates drop substantially, limited amounts of private condominium development may be forthcoming, except under government assisted programs.

Economic feasibility was one major reason for the limited number of new housing projects approved by the City in 1974 (and 1973). The other was industry uncertainty regarding the form and location of new private housing to be provided. Council clearly indicated its intention to prevent the redevelopment of sound residential neighbourhoods by a number of actions, including reconsideration of previously approved proposals, the passing of height by-laws covering residential neighbourhoods and seeking demolition control legislation.

It passed a holding by-law covering the core of the City and undertook a massive program of research and consultant studies to develop policies and criteria to govern the form and location of new development, with the emphasis on housing development.

In the interim, it indicated the type and form of housing which it would approve in its decisions regarding several projects, including Windlass, Hazelton Lanes and South St. James Town. The development industry, however, remains uncertain regarding the guidelines for future residential building and the preferred locations. However, the adoption of the modified core area by-law, the completion of Part II studies in several areas, the pattern which emerges from the processing of private development applications which is now beginning, and the Council position on the recommendations of the Core Area Housing Study, should remove much of that uncertainty.

Even though it is not clear that projects will be built under existing financing terms, Council should commit itself to an increased rate of approvals, so that either when financial conditions permit or if additional financial assistance is available from other levels of government, builders are in a position to begin to bring stock onto the market.

The Living Room report envisaged roughly a fifty-fifty split between assisted and private market production. It called for the production of 4,000 units in 1974. 2,000 were started and far less were approved. As Council has reset its target for assisted unit approvals in 1974 at 3,000, the balance should be maintained by setting a goal of 3,000 private units to be approved. That would result in a total goal of 6,000 units approved in 1975 and

would bring the two year total to the 8,000 units set out in Living Room.

Federal Housing Policy

The Federal policy direction was fixed substantially in 1973 when a number of N.H.A. amendments were passed and 1974 saw no major shifts. C.M.H.C. focused on the job of implementing the policies which had been developed and of elaborating on administrative policies and procedures under which the new programs would be operated.

A good working relationship was established between the City and the Federal housing agency, particularly at the branch level. Over the course of the year, C.M.H.C. was prepared to delegate increasing authority to its branch office, thus avoiding delays and ensuring that decisions would be made in the context of local decisions.

Approval authority was first delegated to the branch level for land assembly and land banking approvals. At the end of 1973, nine million dollars was reserved by C.M.H.C. for use by the City for that purpose and the guidelines for acquisition and choice of specific sites were developed in cooperation with branch staff.

In the initial stages, the City's non-profit housing acquisition programs required head office approvals and this resulted in delays and uncertainties regarding program direction. In September, the City of Toronto Non-Profit Housing Corporation received a commitment for $7.5 million for the acquisition of 300 houses, with approvals to be given by the branch under guidelines developed with and agreed

to by the City.

The guidelines for the operation of the Rent Supplement Program, under which units in non-profit housing are made available to low income households, are presently under consideration in Ottawa. Problems have arisen under that program in that the branch office of C.M.H.C. approved of City acquisition projects in which up to half the existing tenants might require rent supplements and not all of those tenants were families. Branch approvals were given with knowledge of that situation. Head Office appears subsequently to have become concerned about the financial implications of the program and is presently considering guidelines limiting rent supplements to 25 per cent of the units and to family units only. Hopefully, guidelines can be worked out by the City and C.M.H.C. together, as has been done with other programs and program administration and project approvals can be delegated to the branch level.

Similarly, delays and uncertainties occur when new construction projects require head office approvals. City Council should ask C.M.H.C. to reserve $25 million under Section 15.1 for new construction projects to be built by the City of Toronto Non-Profit Housing Corporation and to delegate the project approval function to its branch office.

While 1974 saw no major policy changes, falling production in the second half of the year led to program changes aimed at making the assisted home ownership program work, by increasing cost ceilings and allowable subsidies under the program. Further efforts were made to increase production by making $500 grants to first-time purchasers

of moderate cost housing and by increasing funding for privately produced low rental housing (the limited dividend program). With construction starts continuing to look bleak, the government proposed legislation which would allow C.M.H.C. to provide subsidies to purchasers of ownership units and to owners of rental units who had borrowed money from approved lenders. The purpose of the legislation was to stimulate demand and increase production by making carrying costs more affordable.

In the light of the reduction in private lending rates which appears to be underway and of the large amounts of funds which approved lenders have available for loans, that policy appears to be most inappropriate at this time. Consumer resistance to high interest rates and the supply of mortgage funds available, together with the decline in interest rates generally, will likely result in falling residential mortgage rates. Federal policy may now have the effect of supporting money prices at present levels, as a 10 per cent mortgage will only cost a house buyer 8 per cent in real terms. Rather than supporting high interest rates through such subsidies, the Federal Government should increase its lending under the assisted home ownership and limited dividend programs, thus increasing the supply of residential mortgage funds available and putting still further downward pressure on interest rates.

Unfortunately, the federal government appears to be unwilling to increase its housing budget substantially. Over the last several years the rate of growth of the federal housing budget has not kept pace with the rate of inflation in housing prices. The burden of increasing the flow of housing, particularly assisted housing, has passed to the provinces, a number of which have increased their budgets very substantially.

It appears that the increase in the federal capital budget will be of the order of 16 per cent this year. This will clearly be inadequate. Last year was a start up year in a number of programs, many of which were not operated on a full year basis as far as the producers were concerned. By introducing and promoting the use of the 1973 amendments the federal government raised expectations with respect to the new programs which it now appears to be unwilling or unable to meet. This is of particular concern to the City with respect to two programs, the land assembly and non-profit housing programs, in which there may not be sufficient funds to meet the takeup capacity in the province.

At a meeting held on January 30, 1974 the Ministers from eight of the provinces urged the federal Minister of State for Urban Affairs to commit the federal government to a real attack on housing problems and to seek an increase in budget from about 1.4 to 2 billion dollars.

The position of the Ontario Minister of Housing was that:

> We not only need to lower the interest rates for residential construction, and I would suggest the rental section is urgently in need of such stimulation, but we should also take care to ensure the increased availability of mortgage funds. The interest subsidy while lowering the cost of financing new starts does little to directly expand total mortgage money flowing onto the market.
>
> While new programs are being announced, these are not tied to indications of a sizeable increase in the CMHC budget. The present indications of a federal housing budget of $1.4 billion represents an increase from last year at less than the rate of inflation. One wonders about the federal government's social priorities when press reports indicate the budgets of other departments, that of defence for example, are going up by double the rate of inflation.

Provincial Housing Policy

At the time the Living Room report was written the Province had established its new Housing Ministry and was still considering the Comay report. Since that time it has moved aggressively to adopt a comprehensive housing policy, enacted a series of housing programs that both mesh with and expand upon the federal programs available, strongly supported the City's housing program and encouraged other municipalities to adopt comprehensive housing policies.

In July, 1974, the then Acting Minister of Housing indicated the Ministry's conditional approval of the directions established in the Living Room report, pending development of a Metropolitan Toronto housing statement. The Province acted on several specific requests City Council made based on recommendations of the Living Room report. The Minister of

Housing approved the City's application to C.M.H.C. for $9 million of 1973 land banking funds and the Minister of Housing gave a further general approval to acquisition of an additional $9 million worth of land for housing in 1974. The O.M.B. approved the incurring of debt by the City for this purpose in both years. The Province has given general approvals for the City's land banking program without requiring individual project approvals.

The Province enabled the City to establish a City owned non-profit housing corporation. A new provincial program was announced, the Community Sponsored Housing Program, to provide 10 per cent capital grants to non-profit housing corporations as the City requested. Under the Ontario Home Renewal Program, the Province has begun to provide grants through municipalities for home rehabilitation both within and outside NIP areas.

The Community Sponsored Housing Program, announced in April, 1974, provides a grant worth up to 10 per cent of the value of non-profit housing projects in return for tendering up to 25 per cent of the units for rental to families requiring rent-geared-to-income accommodation. City non-profit and private non-profit production for 1974 will benefit from this increased subsidy, which was recommended in the Living Room report.

The Province supplies needed financial assistance to the non-profit housing program. To be most helpful, such assistance should not require individual project approvals for new construction by the City Non-Profit Housing Corporation. The program approval arrangements for land banking and acquisition of existing housing have worked well in 1974 and point the way to a full devolution of responsibility in City non-profit new production. The provincial role in non-profit housing should be to facilitate the City program and leave the evaluation of individual projects to the City and C.M.H.C.

A second program of immediate importance to the City is the Ontario Housing Action Program. Under OHAP, the Province makes tax stabilizing grants of up to $600 for each new unit of ownership accommodation. Council has asked the Province to consider making a comparable grant to the City for new moderate rental family housing. This grant will ease the servicing cost burden for new assisted housing on the City. Substantial common understanding of the basis for making such grants has been established with the Province. The terms of eligibility for OHAP grants for rental housing are expected to be announced shortly.

Perhaps more important than the new assisted housing programs has been the strong leadership role assumed by the Province in the housing field. It has moved to set production, income and family distribution targets for the Province as a whole. Its concern has included the price as well as the supply of new housing and it has been willing to use a broad variety of techniques to deal with that problem, including taxation policy, e.g.the land speculation tax and increased tax on land transfers to foreign owners.

It acted vigorously in the first part of 1974 to increase the supply of both market and assisted housing under the Housing Action Program described above, making tax stabilization grants to municipalities to soften the financial impact of accelerated family housing production. That program has not yet lived up to expectations because of the market conditions and because of the difficulties experienced by some municipalities in responding to it, in the absence of an explicit housing policy. Provincial funding has been made available for the development of municipal housing policies, which have been strongly encouraged by the Province.

Perhaps most important has been the provincial willingness to give heightened priority to the funding of housing. The budgetary allocation for 1974 was $284 million, as compared with regular expenditures of $195 in 1973, and $164 million in 1972. Present indications are that the budget may rise by as much as

50 per cent in 1975, to the point where provincial capital funding of housing exceeds that provided by the federal government for the first time.

Primary responsibility for housing policy is clearly passing from the federal government to the province, although the financial capacity to deal with the problem has not been transmitted along with the responsibility.

Metropolitan Toronto Housing Policy

The development of a Metro housing policy began in 1973 with the work of the Metropolitan Housing Policy Committee. Representatives of Metropolitan Toronto departments, area municipalities, the Province of Ontario and Central Mortgage and Housing Corporation participated in its work. The result was a first draft of an interim Metro housing policy which was brought forward by the Metropolitan Toronto Chairman in May, 1974.

Metro Council adopted a number of resolutions on November 6, 1974 which were intended to guide the Metro Chairman's staff in redrafting the policy. Following the recommendation of the Metro Social Services and Housing Committee, Metro Council recommended that:

(a) A Metropolitan housing policy be established;

(b) Metropolitan Toronto establish both public and

private housing targets in consultation with the area municipalities;

(c) Metropolitan Toronto have a role in land banking; that where an area municipality is banking land, the Metropolitan Corporation be offered sites; and that in instances where the area municipalities do not wish to bank land, the Metropolitan Corporation would acquire sites in consultation with the appropriate officials of the area municipality; and

(d) The Metropolitan Corporation have a role in the construction and management of low income family housing but that such role not be in the planning of such housing.

On January 24, 1974, the Metro Chairman's Office released a second draft statement of the Metro housing policy. The major recommendations were:

1. That Metro Council adopt the following objectives and policy goals:

   (a) Ensure, to the extent possible, that all persons or families, regardless of income, have access to adequate shelter at a reasonable cost.

   (b) Metro focus primarily on the production of low and moderate income rental housing, working with the area municipalities on the development of appropriate sites, form and densities of rental housing.

(c) Area municipalities focus primarily on the production of moderate income assisted housing for ownership, non-profit housing, neighbourhood improvement, and residential rehabilitation.

(d) Metro and area municipalities utilize the funds available from Central Mortgage and Housing Corporation for land acquisition for residential purposes, with Metro acting as the agent of the area municipality at the request of the area municipality, or the area municipality acting independent of Metro.

That Metro Council adopt a target of 75,000 housing units for the period 1975-77. That a minimum target of 20,000 units be adopted for 1975, composed of three target groups:

(a) 6,600 units of assisted rental housing for low and moderate (up to $13,000.) income households.

(b) 1,800-2,200 units of senior citizen housing (this is included in the 6,600 unit target).

(c) 13,400 units of market housing, of which a proportion would be made available under rent supplementation to low income households.

That Metro Council adopt the following role for Metro Toronto on housing:

(a) The maintenance of the Metropolitan Toronto Housing Corporation as the corporate body responsible for the construction or acquisition of low income housing for families and adults as well as senior citizens.

(b) The utilization of Sections 15,42,43 and 44 of the National Housing Act as the major methods for financing Metro's role.

The proposed Metro policy goals and objectives appear to be a reasonable compromise among the positions of the various area municipalities. Certain points remain to be clarified, however, and these concern the Metro role in moderate income housing and the transfer of responsibility for public housing from OHC to Metro.

The second draft Metro policy correctly emphasizes that Metro should concentrate on the production of low income rental housing, while the area municipalities would have primary responsibility for moderate income housing under a variety of programs. Metro's emphasis on low income housing should be reflected in the statement of goals and objectives. Metro should concern itself with low and moderate income housing to the extent that area municipal programs may not be sufficient to achieve the Metro targets. Metro should be able to use any suitable C.M.H.C. or provincial program to achieve its targets if area municipality programs will not accomplish that objective.

The draft policy seems to set an upper limit of $13,000 household income on the moderate income range for housing started in 1975. In the City, and perhaps throughout Metro, the non-profit program will serve somewhat higher incomes as well, ranging up to $18,000 for large families. It is recommended that the upper limit be raised to this level.

Metro intends to ask the Province to transfer management of the OHC portfolio of public housing projects to the Metro Toronto Housing Company Limited. This could impose a great administrative burden on Metro, unless Metro were prepared to delegate some of its management responsibilities to the area municipalities. Metro should be prepared to delegate the management of projects at the request of area municipalities, as was suggested in the first draft of the Metro housing policy.

The position taken on the adoption of production and distribution targets meets the recommendations made earlier by City Council. Production and distribution targets are stated only for Metro as a whole, although the assumptions with respect to performance within each area municipality (on which the overall targets are based) is clearly set out. Area municipalities are therefore not constrained in the implementation of their housing policies by the one adopted by Metro, although the moral obligation on each to fulfill its fair share of the targets is made clear.

RECOMMENDATION:

1. That City Council adopt as its target for 1975 the approval of projects containing 6,000 housing units, of which 3,000 would be assisted housing units and 3,000 private market units.

CHAPTER II

CITY LAND BANKING

The City land banking program is in effect the first phase of new construction activity. As the City acquires land it develops plans for each site in terms of the targets and objectives of the City housing policy. The Living Room report recognized that land assembly and land banking underlie the entire range of City housing programs. The City's land program affects housing costs, provides sites for assisted housing and establishes the conditions for integrating assisted housing and developing new housing forms.

There are two main facets to the land program: land assembly and land banking. Assembly of sites for assisted housing supports the production of new units in the short run. The level of activity contemplated in the Living Room report, funded at $10 million a year, is sufficient to assemble 20 to 25 acres of land at current market prices.

Under Section 42 of the NHA municipalities may borrow from C.M.H.C. 90 per cent of the cost of acquiring land for housing. Thus, for one million dollars a year the City can assemble $10 million worth of land for assisted housing projects.

Targets and Objectives

City policy, as outlined in the Living Room report, is to acquire at least $10 million worth of land annually in 1973, 1974 and 1975. The goals of the program as set out in the Living Room report are:

- Redistributing the benefits of public action, by helping people who might otherwise not have the opportunity to live in certain areas of the City.
- Stabilizing housing prices for limited income households.
- Providing suitable housing sites. Better sites should be available through land banking than has generally been the case for such programs as public housing and limited dividend projects.
- Ensuring the development of socially viable neighbourhoods. Public ownership of land would give the City the ability to plan for and implement social objectives which, even through its regulatory powers, it has seldom had the ability to achieve.
- Developing new forms of housing. There is a growing realization that experimental forms of housing require public incentive beyond the City's land use controls.

The average density of development was anticipated to be from 75 to 90 units per acre with family housing developed at 30 to 40 units per acre and non-family housing at an average of 120 to 150 units per acre. At such densities, the land banking program would bring into production land sufficient

to support 1,000 to 1,500 units a year. About half the housing would be for families and half would be non-family.

The Living Room report proposed categories of land to be considered for assembly and banking. The policy emphasized vacant, underutilized land, land containing non-conforming commercial and industrial uses and publicly owned land. The City policy also stated selection criteria for assessing the suitability of specific sites. The criteria involved:

- Environmental suitability
- Supporting facilities
- Public transportation (existing or planned)
- Character
- Proximity to publicly owned land
- Availability of land
- Economic stability
- Cost

Certain operating policies were adopted by City Council as recommended in the Living Room report. The report recommended that wherever possible land be purchased on the open market from willing vendors. Where that is not possible, and particularly where sites are required to complete assemblies,

consideration should be given to expropriation. Other operating policies are to assemble lands by acquisition of options, to provide for detailed site planning with community participation, and to review all City owned properties, particularly Parking Authority sites, to determine their suitability for housing.

The City policy set the following order of priority for disposition of City owned land: private non-profit groups, the City Housing Corporation, other governmental housing builders and private builders. The report recommended that the City's long term policy be to lease the land which is assembled to maximize control of future use. In the short run the City might sell some lands to non-profit and governmental producers of assisted housing in order to "roll over" the investment, purchase additional lands and use them as fresh security.

Program Implementation

Ontario Municipal Board approval of borrowing for land banking in 1973 was received in Spring, 1974. The 1974 C.M.H.C. commitment was received in September and O.M.B. approval at the end of October. The 1973 funds were committed to acquisition of privately owned lands in the St. Lawrence project, discussed below. Publicly owned lands were to be acquired in the future,

when they are ready for development.

St. Lawrence. The major share of land banking funds in the 1973 program was allocated to the St. Lawrence development. In Phase I of the development, a total of 34.65 acres will be acquired by the City. Presently, 15.85 acres are held privately and 18.80 acres are publicly owned. Negotiations are in progress with the public owners and the City intends to expropriate the private properties. The total land acquisition cost is estimated to be $22.3 million.

It was hoped initially that publicly-owned lands would not have to be acquired right away, but might be acquired when needed, perhaps using building mortgage rather than land assembly funds. However, most public agencies have indicated a desire to acquire alternative sites at this time so that alternative facilities are ready for use when they move. As a result, some 1974 and 1975 land banking funds will have to be used for that purpose.

On June 12th, 1974, City Council approved the Land Banking Report for St. Lawrence. A second report in October, 1974 outlined progress on land acquisition, analyzed issues of social planning and design, and proposed that a number of specific studies be initiated to lay the groundwork for development. City Council approved the following studies

which are underway:

- Environmental Analysis;
- Soil Analysis;
- Historical Buildings.

Council withheld approval on a consultant study of design guidelines pending public consultation and the involvement of local neighbourhood groups. Staff working on St. Lawrence have met with representatives of many community organizations and the public to discuss a permanent mechanism of consultation. This will prepare the way for a design process involving a broad base of interested groups and individuals.

The City will create a development strategy, based on the various consultant studies and contributions from public agencies such as school boards, the TTC, library boards, provincial ministries and the public and local community groups. A St. Lawrence Coordinator will be appointed in the Housing Department to organize this process.

The neighbourhood is expected to consist of 1,700 non-family units and 900 family units for a total of 2,600 units at a residential coverage of 1.25 along with commercial, industrial and community facility uses. Construction could begin in the second quarter of 1976. Both zoning and Official Plan changes are required.

In addition to proceeding with St. Lawrence, the Housing Department investigated in detail more than forty properties in 1974, following up on approaches from brokers and owners, suggestions received from City Aldermen and area planners and sites disclosed through the Department's field surveys. Many sites advanced to the Executive Committee in Conference had to be dropped when an agreement on purchase price could not be reached. Currently there are about ten sites under active consideration.

The present uses of land banking sites in the 1974 program reflect the categories of land proposed for the program in the Living Room report. Individual sites can be divided into four classes:

- Small low-density sites of one acre or less.
- Larger, abandoned industrial sites of one to three acres.
- Higher density, mixed commercial-residential in-fill.
- Large scale land banking developments.

The major advantages of scattered site development are: (1) local neighbourhoods are preserved and improved in a harmonious manner; (2) the housing developments are small

in scale; (3) management of projects may easily be transferred to non-profit groups; (4) construction starts may be organized quickly; (5) impact of the City program may be spread widely across the City; and (6) impact on other urban issues such as the rate of growth, transportation, industrialization, etc., is marginal.

Large-scale land banking developments such as St. Lawrence permit the City to organize development or redevelopment of an entire neighbourhood. In such cases, the City identifies a large tract of under-utilized land and draws up an integrated design for residential, commercial and possibly light industrial uses. Large-scale land banking has implications for other urban policy issues, especially transportation, income mix, jurisdictional roles, retention of industry and urban growth. The enterprise normally requires expropriation of private properties.

The advantages of larger scale land banking are: (1) the City can organize balanced development of substantial, underused parcels of land; (2) this program is a long range alternative to scattered site assembly over periods when scattered sites are difficult to acquire; (3) larger scale assemblies permit the City to plan for accelerated growth in selected areas; and (4) such assemblies may have beneficial spillover effects on surrounding areas.

In contrast to the large-scale St. Lawrence development, the City has attempted to purchase scattered land assembly sites on the open market rather than acquire them by expropriation. Thus, negotiations were recently concluded for two sites. The City owns one of the remaining properties which will be transferred to the City Housing Corporation.

As directed by City Council on October 30th, 1974, the Housing Department continued efforts to acquire the Separate School Board property at 288 Annette Street. This property meets the proposed priority for land banking as a smaller site located in an established residential neighbourhood. The site of slightly over an acre could be developed with a mix of the existing three-storey building and new townhouse or rowhouse construction containing about 45 units altogether. A third of these would be family units. While an agreement on price should not be difficult to achieve, the School Board wishes to obtain City-owned land in exchange for the property. The Housing Department is attempting to locate a suitable property for this purpose.

The land banking program has been evaluated in terms of the targets and objectives set out in the Living Room report. Four of the sites considered part of the 1974 land banking program are discussed below. They are Pembroke-Sherbourne, Connolly-Wiltshire, Pape-Cavell and Campbell-Antler. (See Table I.)

TABLE I

CITY LAND BANKING PROGRAM IMPLEMENTATION - 1974

Site	Present Site Area Use	Site Area (Sq. Ft.)	Land Purchase Price Total $	Land Purchase Price Sq. Ft. $	Number of Units Family	Number of Units Non-Family	Number of Units Total	Construction Start	Construction Com-pletion	Zoning/Official Plan Change
PEMBROKE-SHERBOURNE	Vacant land and isolated houses. Zoning: R.4 Z.4 and partly C.1 V.	59,975	899,625	15.00	141	67	208	1975-1976	1977	Minor zoning change.
CONNOLLY-WILTSHIRE	Vacant factory. Zoning: C.3 V.3 and a portion C.1 V.1.	114,000	942,000	8.00	149	94	243	1976	1977-1978	Zoning change required.
PAPE-CAVELL	Industrial buildings and vacant land. Zoning: R.2 Z.2.	67,510	300,000	4.44	19	34	53	2nd Qtr. 1975	1976	No zoning change required.
CAMPBELL-ANTLER	Industrial; C.3 V.2	89,000	738,700	8.30	100	51	151	1976	1977-1978	Zoning change required.
		330,485	2,880,325	8.72	409	246	655			

Several of the sites are lands used for industrial purposes. Two are vacant or marginally improved or contain vacant buildings for industrial uses which do not conform to the zoning by-law. One site has potential for in-fill housing. In each case, the sites have been jointly scrutinized by City Planning and Housing Departments for their environmental suitability, supporting facilities, public transportation, and the established character of the neighbourhood.

Three of the sites will be ready to start construction in 1975 and the remaining one in 1976. Allowing 12 to 18 months for construction, completions should be achieved toward the end of 1976 or beginning of 1977. Since three of the sites are presently zoned for industrial uses, zoning changes will be required. In two of these cases, Official Plan changes may be required. It is anticipated that these changes will not delay construction starts. The proposed timetable for development is set out in the discussion of City non-profit new housing.

The total area of the four sites in Table I is 7.6 acres. In comparison with the target acquisition of land for 1,000 to 1,500 housing units, the program may be substantially expanded.

The City land banking program is expected to generate 20 to 25 acres a year for new assisted housing development. At 80 units per acre, this would yield 1,600 to 2,000 units, appreciably higher than the output proposed in the Living Room report.

An estimated 655 units will be constructed on the four land banking sites. Of these, (excluding St. Lawrence) there are 409 non-family units and 246 family units. Family housing accounts for 38 per cent of the total. While this is less than the 50 per cent suggested in the Living Room report, it is likely a more feasible level in terms of neighbourhood resources and project design criteria.

The estimated production would yield about 86 units per acre. The average coverage under the program would be about 1.7. If 38 per cent of the units are occupied by family households, there would be about 75 children per acre, a level which will be acceptable if the appropriate social and recreational facilities are accessible to the project.

The density of development on land acquired by the City was expected to be from 75 to 90 units per acre in the Living Room report. The Living Room report also stated that, subject to economic and site planning constraints,

TABLE II

DENSITY AND CHILD COUNT FOR 50 AND 30 PER CENT FAMILY HOUSEHOLD UNITS

Coverage	Gross Floor Area (Sq. Ft.)	Number of Family Units Per Acre		Number of Children Per Acre	
		50 per cent Family Units	30 per cent Family Units	50 per cent Family Units	30 per cent Family Units
0.5	21,780	14	9	30	19
1.0	43,560	28	18	60	38
1.5	65,340	42	27	90	57
2.0	87,120	56	36	120	76
2.5	108,900	70	45	150	95

about half the housing built on acquired land would be for families. The experience of the Housing Department has been, however, that it is most difficult at densities in excess of one times coverage to devote 50 per cent of the units to family accommodation because the number of children per acre becomes too great and because the land cost per unit is excessive. More than 50 per cent of the floor space, however, will be used for family accommodation.

Table II shows the number of family and non-family units at different coverages for 50 and 30 per cent family units. If 50 per cent of the units were for family households at 1.5 times coverage there would be 42 families per acre. If we assume there are 2.1 children per family on average, that would mean about 90 children per acre. The Housing Department suggests that about 75 children per acre is the maximum density appropriate for family housing. If the percentage of family units is dropped to 30, however, the medium density range of 1.5 to 2.0 yields about 60 to 75 children per acre which is a more desirable level.

The combination of family and non-family units at medium densities helps overcome the economics of high land costs. If only the 30 to 35 family units were provided per acre, without an additional non-family component, per unit costs would be extremely high. This would require higher rents than low and moderate income households could afford.

City Council should adopt the target of an average of 30 per cent family units to be built on land assembly sites larger than one acre. It is essential that the City's activity in land assembly and land banking be guided by correct assumptions about future need and demand for housing units in various sizes and price ranges. City Council should instruct the Commissioner of Housing to:

(a) report on a proposal for a comprehensive market study to develop assumptions regarding future housing need and demand in the City for units in various size and price ranges; and

(b) discuss with the appropriate federal and provincial officials the participation of the senior levels of government in the study.

The 1975 City Land Banking Program

Targets. The Housing Department recommends that the City borrow a further $9 million from C.M.H.C. for the 1975 land banking program, as contemplated in Living Room and the City's capital budget request, and that the City seek Ontario Municipal Board approval to borrow this amount.

The $10 million of 1974 funds will be required in order to provide sites for 2,000 units in 1975 and additional funding will be required in 1975 to provide new sites for development in 1976.

The funding requirement for municipal land banking in 1975 will be substantially greater than in 1974. The City's $10 million program will form part of an estimated $35 million Metro request in land assembly and land banking. Taken together with other municipal activity and provincial land banking, C.M.H.C. will be asked to provide $100 million for the program in the Province in 1975. C.M.H.C. had initially allocated $55 million for land banking in 1974 but, in fact, committed only $35 million in the Province during that year. Now that substantial municipal interest has developed in the program, the Federal Government must fund it at a much higher level than during the start up years of 1973 and 1974. Funding of at least $75 million is required, i.e. the proposed level for 1974 and the carry-over of funds not committed during that year if land is to be available for assisted housing development in the future.

Ontario Municipal Board approval of City borrowing from C.M.H.C. for land banking under Section 42 of the National Housing Act in 1974 was received only in September of the year. The delay inherent in the requirement for O.M.B. approval seriously constrains the program. In 1975 it is essential to achieve an earlier start. To accomplish that end, the amount of federal funds available to the City must be determined at an early date and the City must move prior to the finalization of its Capital Budget to commit

its matching 10 per cent. The City should request the Metropolitan Corporation to include, on behalf of the City, in its prior authorization request to the Ontario Municipal Board the sum of $1 million for the acquisition of land for housing purposes.

City Council should instruct the Commissioner of Housing to:

(a) prepare and submit a formal application to C.M.H.C. under Section 42 of the National Housing Act for a commitment of $9 million from fiscal 1975 for land banking funds, and

(b) formally seek approval of that request from the Minister of Housing

City Council should instruct the City Solicitor to seek the approval of the Ontario Municipal Board under Sections 63 and 64 of the Ontario Municipal Board Act to the borrowing recommended above and for approval of the use of $1 million allocated in the 1975 capital budget for land banking. This should form part of the City's prior authorization request to Metropolitan Toronto and the Ontario Municipal Board.

Program Balance. The Living Room criteria suggest that scattered site land assembly is the first priority of the City program in land. Normally, the City would acquire

and develop the maximum amount of appropriate scattered sites under a number of criteria, including:

- Contribution to production targets, both in terms of total units, family versus non-family balance, and distribution of new production across the City.
- Planning considerations, including neighbourhood integrity, elimination of non-conforming land uses, built form, density and mix specifications.
- Economic feasibility, including such factors as land availability, purchase price and rent levels in relation to income, servicing and maintenance costs.
- Delivery of new production within a given time period and in an acceptable distribution pattern.
- Administrative considerations such as processing time per unit of production and feasibility of transfer of project to cooperative or other non-City management.

With such criteria for maintaining project balance, the emphasis would fall on smaller scattered sites under one acre. Smaller assemblies can contribute to the housing stock while maintaining the integrity and character of existing neighbourhoods. This scale of development permits maximum integration of assisted housing in the surrounding community.

Larger scattered assemblies of up to three acres often have the advantage of removing a noxious or non-conforming industrial use. They are, however, a more identifiable form of assisted housing project and may, in proportion to their scale, have a larger impact upon the area. The larger land banking projects would proceed over a period of years with one or two at the planning stage at any time. Acquisition of properties within such large projects would be emphasized more when scattered sites are not forthcoming and when public investment is expected to trigger desirable land use changes through the private market in adjacent properties.

The Housing Department found it difficult to find and acquire smaller scattered sites under one acre for development as non-profit housing. A relatively small number of such sites were considered in 1974. To overcome this difficulty, a proposal call might be made by the City of Toronto Non-Profit Housing Corporation for small projects to be built by private builders. This is discussed further in the next section of this report.

The order of priority in the City land banking program should be: smaller scattered sites (under one acre); larger scattered sites (one to three acres); and larger scale land banking.

Mixed Residential-Commercial Assisted Housing. The Housing Department's interest in land assembly for medium density, mixed residential-commercial development in the Core Area parallels the City Planning Board's emphasis on mixed use building under the Core Area interim criteria. The effect of high-rent commercial development in the Core Area would be to subsidize the assisted housing component and enable the City Non-Profit Housing Corporation to build residential accommodation downtown, where high land prices of $25 to $30 a square foot and more would otherwise render it uneconomic.

From the point of view of City planning and housing policies, residential-commercial development in the Core Area is highly desirable. The residential component thins out Core Area densities and aids expansion of the City housing stock. In social terms, housing development downtown adds interest, vitality and commercial stimulus to downtown neighbourhoods. The reversed patterns of commuter travel relieve peak hour overload of public and automobile transportation systems. A small but significant proportion of Core Area assisted housing should be suitable for families. This will relieve demands in other parts of the City and lend an overall balance to the residential distribution.

The main obstacles to mixed residential-commercial non-profit development in the Core Area are the lack of municipal experience in commercial development and leasing and the C.M.H.C. policy which places a 20 per cent of floor area limit on the commercial portion. C.M.H.C. might relax this provision if the City could demonstrate that a higher percentage would make the residential portion possible at lower cost and available to a broader range of family incomes. The Housing Department's investigation of development possibilities under the Core Area criteria would also establish the potential marketability of the commercial portion in various parts of the Core Area.

City Council should instruct the Commissioner of Housing in consultation with the Commissioner of Planning to carry out a feasibility study of mixed residential-commercial assisted housing developments in various parts of the Core Area.

City Council should request C.M.H.C. to review its 20 per cent of floor area limit on the commercial portion of mixed residential-commercial developments.

Soil Tests. The Housing Department has taken the position that soil tests should be carried out before acquisition of properties in order to determine the feasibility of the properties for residential construction. Council approval to engage foundation consultants to carry out such tests has been obtained for each site individually. The Housing Department believes it would be useful to obtain the results of soil tests before bringing sites before the Executive Committee in order that the findings might be presented at that time. The Housing Department would require a general authorization from City Council to engage foundation consultants for this purpose.

City Council should authorize the Commissioner of Housing to engage foundation consultants from time to time to carry out borings, test soils and prepare reports on foundation requirements for lands under consideration for acquisition in the City land banking program, at a fee not to exceed $2,500 per site.

RECOMMENDATIONS:

1. That City Council endorse the land assembly and banking program objectives set out in this report.
2. That City Council adopt the target of an average of 30 per cent family units in assisted housing on land banking sites in excess of one acre in size.
3. That City Council instruct the Commissioner of Housing to:

a) Report further on a proposal for a comprehensive market study to develop assumptions regarding future housing need and demand in the City for units in various sizes and price ranges, and

b) discuss with the appropriate federal and provincial officials the participation of the senior levels of government in the study.

4. That the Commissioner of Housing be instructed to:

a) Apply to Central Mortgage and Housing Corporation under Section 42 of the National Housing Act for a commitment of $9 million from fiscal 1975 land banking funds, and

b) formally seek approval of that request from the Minister of Housing.

5. That the Metropolitan Toronto Council be asked to indicate to the Provincial Minister of Housing that it has no objection to the borrowing contemplated in Recommendation 4 a) above.

6. That the City Solicitor be instructed to seek the approval of the Ontario Municipal Board under Sections 63 and 64 of the Ontario Municipal Board Act to the borrowing recommended in 4 a) above and for approval of the use of $1 million to be allocated in the 1975 Capital Budget for land banking.

7. That the $1 million to be provided by the City form part of the City's prior authorization request to Metropolitan Toronto and the Ontario Municipal Board.

8. That, subject to all necessary ministerial, legislative and financial approvals, land be acquired in the land banking categories set out in the Living Room report, and subject to the considerations set out in that report.

9 That the Commissioner of Housing, in consultation with the Commissioner of Planning, prepare for the consideration of the Executive in Conference sites falling within those categories.

10. That, for the purpose of 8 above, the Director of Real Estate or such person, firm or corporation designated by him, in consultation with the Commissioner of Housing and at the direction of the Executive Committee, be authorized to acquire options on specific sites within the land banking categories set out in the Living Room report and, subject to the consideration contained in that report, for a period not to exceed six months and at a condideration not to exceed ten per cent of the purchase price and, for this purpose, funds be provided from capital funds budgeted for land banking.

11. That City Council instruct the Commissioner of Housing, in consultation with the Commissioner of Planning, to bring forward proposals for mixed residential-commercial developments in various parts of the Core Area.

12. That City Council request Central Mortgage and Housing Corporation to review its 20 per cent of floor area limit on the commercial portion of mixed residential-commercial developments.

13. That City Council authorize the Commissioner of Housing to engage foundation consultants from time to time to carry out borings, test soils and prepare reports on foundation requirements for lands under consideration for acquisition in the City land banking program, at a fee not to exceed $2,500. per site, and that the appropriate officials be authorized to prepare and have executed the necessary contracts, with such funds being provided in the Housing Department budget for that purpose, and chargeable to the project if subsequently approved for housing purposes.

CHAPTER III

CITY NON-PROFIT NEW HOUSING PROGRAM

The City's venture in new housing production is founded on the basic policy goal established in the Living Room report:

> The provision to all residents of decent housing in a suitable living environment at a price which they can afford.

The new production program is the City's direct action in contributing to the housing stock and influencing the distribution, quality, location, density, form and cost of accommodation.

The decline of new housing production throughout Metro Toronto in the latter half of 1974, which both reflected and contributed to the general slowdown of economic growth, has heightened the urgency of the City's new production program. When City Council adopted the Rental Housing Action Program, it recognized that:

> It is imperative that the City act at this time to accelerate approval and production of rental housing which is now in the planning stages, both under its own programs and by other non-profit, public and private producers. Particular attention should be given to those proposals for low and moderate income households.

Targets and Objectives

The Living Room report recommended a target of 600 units per year of City non-profit new production. That would amount to 1,200 units over 1974 and 1975. The Rental Action Program adopted by City Council late in 1974 increased the City new production

target to 1,500 units of new non-profit rental housing under construction by the fall of 1975. The Rental Action Program also recommended that proposals be brought forward as quickly as possible for the development of rental accommodation on publicly owned land. In particular, the Commissioners of Planning and Housing were instructed to review a City Parking Authority consultant study of parking lots and to bring forward proposals for rental housing development on some of the lots.

Program Implementation

The Living Room report originally set the target of 600 units to be approved in 1974. When the report was written, late in 1973, the Dundas-Sherbourne Project, involving some 300 new units as well as existing units, was contemplated as coming within the 600 unit target. However, C.M.H.C. approved Dundas-Sherbourne in 1973 with 1973 funds. Therefore, the City's target for new production in 1974 was reset at 500 units, to be financed with $15 million of 1974 funds from C.M.H.C. Only two projects were sufficiently advanced in 1974 to permit applications to C.M.H.C., Pembroke-Sherbourne and Pape-Cavell.

The 1,500 unit target set by the City's Rental Housing Action Program is made up of these units plus nearly 1,000 units to be approved by City Council in 1975. These units will be built

TABLE I - PART I

CITY NON-PROFIT NEW HOUSING PROGRAM, 1975

Project	Number of Units			Present Site Use	Site Area SF	Land Purchase Price		Construction and Related Costs $	Total Land and Construction Cost $
	Family	Non-Family	Total			Total $	Per SF $		
Dundas-Sherbourne Housing	25	278	303	Housing and vacant land. Zoned residential.	111,434	1,621,000	15.00	6,290,000	7,911,000
Pape-Cavell Housing	34	19	53	Industrial Buildings. Zoned R.2 Z.2	67,510	300,000	4.44	1,262,900	1,562,900
Pembroke-Sherbourne	67	141	208	Vacant land and isolated houses. Zoned R.4 Z.4	59,975	899,625	15.00	3,868,100	4,767,725
1884 Davenport Road (Toronto Foundry Lands)	94	149	243	Vacant factory. Zoned C.3 V.3 and a portion C.1 V.1	114,000	942,000	8.00	5,135,000	6,077,000
Campbell-Antler Housing	51	100	151	Industrial. Zoned C.3 V.2	89,000	738,700	8.30	3,207,400	3,946,100
TOTAL	271	687	958		388,887	4,501,325	11.57	19,763,400	24,264,725

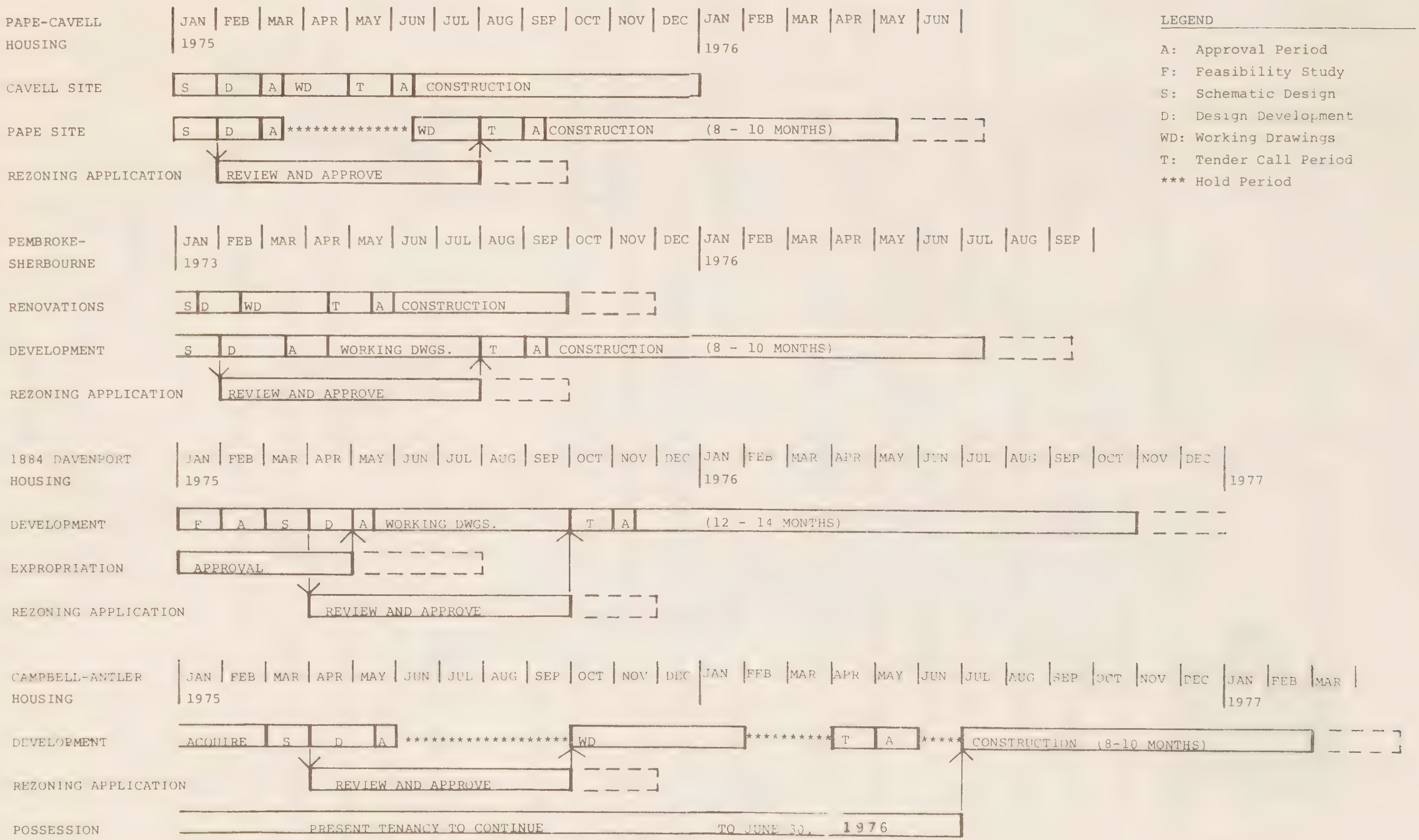
TABLE I. CITY NON-PROFIT NEW HOUSING PROGRAM, 1975 (continued)

Project	Number of Units*			Present Site Use	Site Area SF
	Family	Non-Family	Total		
Parking Lot No. 12 (Alvin Avenue)	(20)	(100)	(120)	Parking Lot. Zones R.2 Z.2, C.15 L.5 Z.4	47,409
Parking Lot No. 13 (Heath Street W.)	(18)	(36)	(54)	Parking Lot. Zoned R.2 Z.2, R.2 Z.4	47,638
Parking Lot No. 45 (Broadview Avenue)	(15)	(75)	(90)	Parking Lot. Zoned C.1 V.2, R.2, Z.2	28,255
Parking Lot No. 39 (Castlefield Ave.)	(20)	(60)	(80)	Parking Lot. Zoned R.2 Z.2	49,698
Parking Lot No. 71 (Bellevue Ave.)	(25)	(25)	(50)	Parking Lot. Zoned R.2 Z.4, C.1 V.1	26,704
St. Lawrence Parking Lot (Esplanade Ave.)	(33)	(333)	(376)	Parking Lot	113,256
TOTAL: Parking Lot Sites	(131)	(589)	(720)		312,960
TOTAL: Parking Lot Sites and Other Projects	(402)	(1,276)	(1,678)		701,847

* Figures in brackets are preliminary estimates.

CHART I

CITY NON-PROFIT NEW HOUSING DEVELOPMENT SCHEDULE



on City parking lots and additional land banking sites to be acquired.

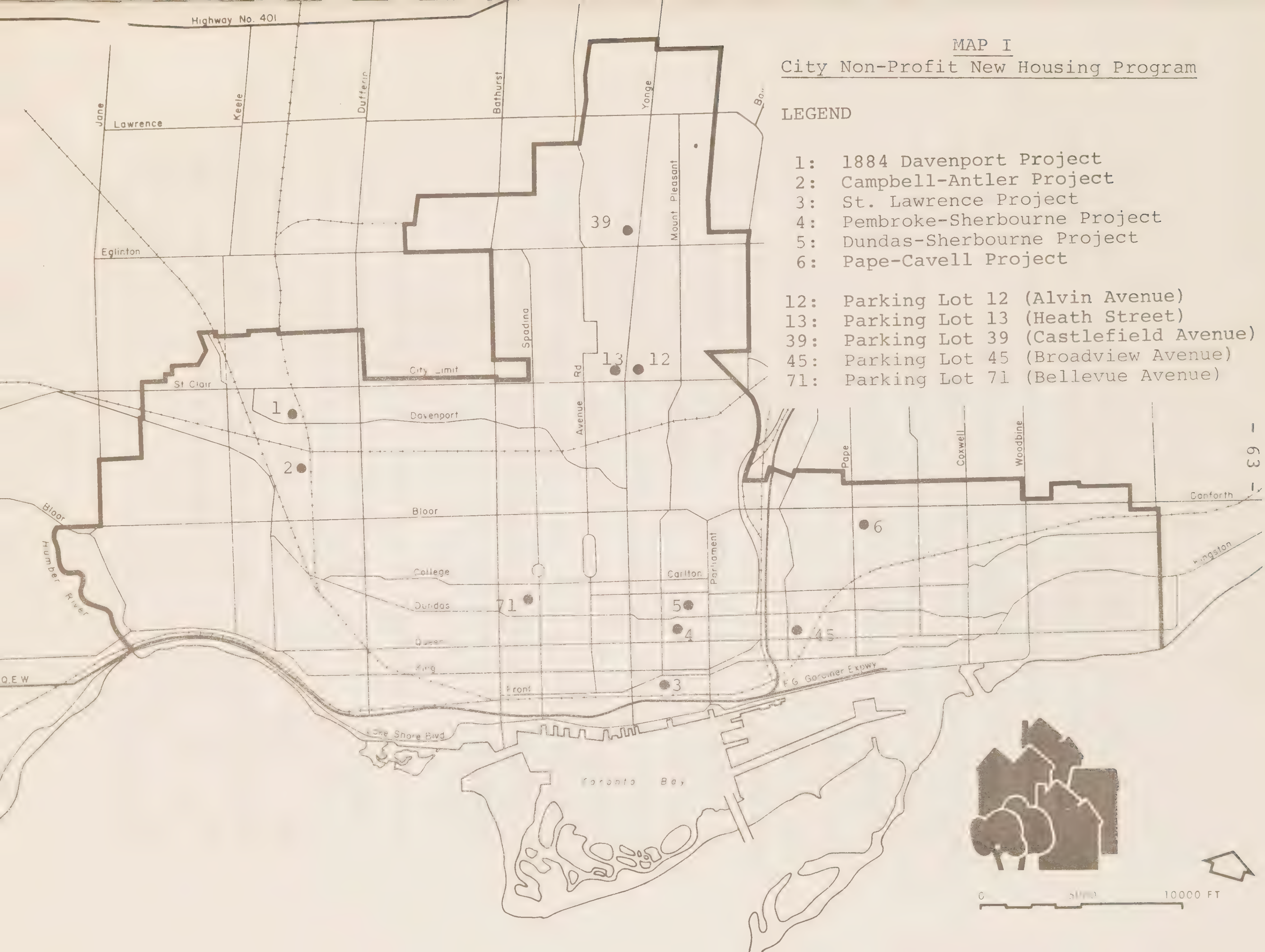
Development planning is currently underway for the sites where construction will begin in 1975 and the various projects stand at different stages of progress. This report explains the background to each project, the development plans already established and sets out the planning and construction schedule for each project. Table I gives basic facts on the development planned at each site, Chart I shows progress anticipated through various stages in the coming year and Map I marks their locations.

Dundas-Sherbourne Housing. In mid-1974, renovations began on the existing 17 houses at Dundas-Sherbourne. This phase of the work is expected to be completed in mid-1975. This will provide 68 units of housing, nearly half of which will be suitable for families.

Working drawings for the new construction phase are currently in preparation. Construction will begin in May, 1975 on the infill development which consists of two main buildings, combining family and non-family units. This will add 303 units to the site in the form of five and seven storey buildings.

MAP I

City Non-Profit New Housing Program



LEGEND

1: 1884 Davenport Project
2: Campbell-Antler Project
3: St. Lawrence Project
4: Pembroke-Sherbourne Project
5: Dundas-Sherbourne Project
6: Pape-Cavell Project

12: Parking Lot 12 (Alvin Avenue)
13: Parking Lot 13 (Heath Street)
39: Parking Lot 39 (Castlefield Avenue)
45: Parking Lot 45 (Broadview Avenue)
71: Parking Lot 71 (Bellevue Avenue)

Pape-Cavell Housing Project. This site, formerly occupied by the Valley View Dairies, was acquired by the City in order to remove the noxious industry and came under consideration as a potential housing project site in mid-1974. On September 27, 1974, City Council recommended that the property be used for low and moderate income housing and be transferred to the City Non-Profit Housing Corporation. A Working Group was established consisting of area residents, the two Ward Alderman, a member of the Housing Department and a member of the Planning Board staff. On October 25, 1974, the Commissioner of Housing reported that there seemed to be basic community support for pursuing a housing development on the Pape-Cavell site which would have a mix of family and non-family accommodation. City Council adopted an architect's proposal as terms of reference for further design work and instructed the Commissioner of Housing to seek a C.M.H.C. mortgage commitment for $1.6 million.

A mix of semi-detached and row houses is contemplated for the major Cavell site, and small low-rise apartment building (possibly for senior citizens) on the Pape site at a medium density. The staging of planning and development for Pape-Cavell is shown in the chart. The Cavell portion, which requires no rezoning, will complete its design phases by mid-

April, 1975. Construction of the semi-detached and row housing units will begin in the summer and this portion of the project should be completed some time in early 1976. Preparation of working drawings for the Pape portion of the project must await a Council decision on the rezoning application and the tender call must await Ontario Municipal Board approval of the zoning change. Construction of this part of the project will begin in the late Summer. By early 1976, all of the project's 53 units should be occupied.

Pembroke-Sherbourne Project. Like the Pape-Cavell site, development at Pembroke-Sherbourne will proceed in two parts. The renovation of the existing housing will begin in Summer, 1975 after the design phases and tender call procedures are completed. The existing units will be occupied in the Fall of 1975. New construction, on the other hand, requires a rezoning. A tender call in July or August should enable new construction to begin in the Fall, which will continue into 1976. Completion of the Pembroke-Sherbourne project will add 208 units to the assisted housing stock, of which about one-third will be suitable for families.

The site contains mainly three-storey residential buildings which were built for the most part in the early 1900's. Lot sizes are generally quite large and the area is well serviced by community facilities. The existing houses on the property

presented an opportunity to interweave new housing with the older buildings and also a chance when renovated to provide existing housing accommodation while the new construction is in progress.

1884 Davenport Road (Toronto Foundry lands). The proposed development scheme would build about 243 housing units on the property at a medium density. One possibility is to stack non-family units over two-storey town houses. Another solution would be to locate the 149 non-family units in a taller building, with family row housing adjacent.

In 1975, expropriation proceedings and a rezoning application will proceed simultaneously. The Housing Department estimates that the final design phase will be completed by mid-1975, coinciding with approval of the rezoning. Construction will begin in the Fall and continue into 1976.

Campbell-Antler Housing. This site, acquired by the City late in 1974, presently supports an industrial use. It borders on a residential area to the South and West which contains mainly detached and semi-detached houses. A zoning change and an official plan change also are required. Fairly low density development is proposed for this site, involving a building height of about five storeys which would contain about 150 units. Recreational facilities are nearby and schools

in the area are under-utilized. Therefore, a large component of family housing is contemplated on this site with a balance between small apartments and family town houses.

Vacant possession of the site cannot be obtained until June 30, 1976, and the construction period could be a year or more. This will postpone the earliest occupancy to mid-1977. In 1975, the City will begin procedures to rezone the land and obtain an Official Plan change. City consultants will complete the design phase of the project, providing working drawings by the end of the year. This will enable the City to make a quick construction start, in mid-1976.

Housing Development on City Parking Authority Lots. As recommended in the Living Room report, work has begun on the feasibility of housing on selected municipal parking lots. On August 8, 1974, City Council approved the policy of multiple-use development of Parking Authority lots, owned by the City, in conformity with public policies and community goals. A Parking Authority consultant's report at that time suggested design alternatives for certain lots and recommended review of the remainder of the City-owned lots in terms of their suitability for redevelopment.

Since then, all of the Parking Authority lots have been evaluated and several have been judged suitable for mixed use development by staff of the Planning Board and the Housing Department. On October 24, 1974, the Commissioners of Planning

and Housing recommended lots to the Committee on Urban Renewal, Housing, Fire and Legislation considered suitable for housing redevelopment. The Committee approved the Commissioners' recommendation that architectural consultants be engaged to produce designs for mixed-use housing developments on the lots. City Council's Rental Action Program called for accelerated investigation of development possibilities on these lots as well as on an additional parking lot site in the St. Lawrence area.

The five sites under intensive consideration are Lots Nos. 12, (Alvin Avenue), 13 (Heath Street West), 45 (Broadview Avenue), 39 (Castlefield Avenue) and 71 (Bellevue Avenue). At this stage, before preliminary planning studies have been done, it is difficult to give more than a rough indication of the type of housing which may be produced on the parking lot sites. However, if all five sites are developed, they are expected to yield about 350 units of assisted housing, of which perhaps 30 per cent will be suitable for families. A sixth parking lot site is located in the St. Lawrence Project.

A number of other lots are presently under consideration for mixed use development and additional feasibility studies will be recommended in the next several months.

St. Lawrence. If a tight work schedule can be held, the Housing Department is hopeful that the first construction in the St. Lawrence project can commence in December 1975 on a Parking Authority lot at Esplanade and George Streets. It is expected that

this acre site will yield over 300 units of assisted housing, with a small component designated for family households.

The 1975 New Housing Program

Targets and Objectives. The 1975 program is expected to meet the 1,500 unit target set in the Rental Housing Action Program. Known and potential sites, not including the Dundas-Sherbourne project which belongs to 1973, will account for 1,335 new units. In order to reach the 1,500 unit target, additional land banking sites will be acquired.

The Housing Department's estimated capital budget for 1975 assumed that 500 units of City non-profit production would be approved from 1974 funds and 1,000 units from 1975 funds. However, no units were approved by C.M.H.C. from 1974 funds. Applications were made for the Dundas-Pembroke and Pape-Cavell projects in December 1974, when plans were sufficiently advanced to allow the making of a detailed application. The applications were not approved as C.M.H.C. had no further funds available in its 1974 budget.

The City appears to have two alternatives at this point: it could seek an increased commitment from C.M.H.C. at this time to cover 1,500 units or it can wait until it has demonstrated its takeup capacity for the funds, i.e. until further sites are acquired and then request additional funds from C.M.H.C. There is sufficient concern about the City's ability to deliver at both federal and provincial levels to lead the Housing Department to recommend that the latter course be followed.

TABLE II

ESTIMATED RENTS IN CITY NON-PROFIT NEW HOUSING PROJECTS, 1975

	ESTIMATED RENT $					
	Rooms	Bachelor Apartments	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Dundas-Sherbourne	151	201	226	316	336	-
Pape-Cavell	-	-	192	240	285	-
Pembroke-Sherbourne	148	198	228	293	343	393
1884 Davenport Road (Toronto Foundry Lands)	-	165	215	275	345	385
Campbell-Antler	-	-	236	281	326	371

NOTE: The above rents are estimates only, which reflect the economics of different projects and different occupancy dates. A policy will be established regarding rents for comparable units in different locations.

SOURCE: City of Toronto Housing Department, 1975.

Estimated rents in the new projects are shown in Table II. These rent ranges are compatible with the income levels of $9,500 to $12,000 which were set in the Living Room report. For example, a one-bedroom apartment renting for $200 would imply a household income of $9,600 in 1976 if shelter costs were to amount to one-quarter of household income. For family accommodation, two-bedroom apartment rents range from $240 to $316 and this corresponds to income ranges of $11,520 to $15,168.

In assessing these income ranges, it is important to realize that inflation will raise the incomes of the target group over the period to occupancy in 1976. A $9,500 income would then correspond to something over $11,000 and a $12,000 1974 income would be about $15,000 at that time. Three bedroom units would require incomes of about $16,500 and four bedroom units incomes of about $18,000. The implication of these projections is that the income levels of the non-profit program must be revised. For new housing started in 1975-76, and occupied in 1977, the target income range for families should be $11,500 to $18,000 and for individuals from $7,000 to $11,500. (Average family income in the City is estimated to be about $15,000 at the beginning of 1975 and, given present rates of inflation, should rise to about $19,000 in 1977.)

Household income generally rises with family size and the age of the household head. Larger, older families will be better able to afford the higher rents for larger apartments. Rent

supplement payments will permit lower income households to meet the higher rent levels. It is essential that the Province and the Federal Government revise rent supplement income limits upward from the current levels of $12,500 for families and $7,000 for individuals.

The program's ability to serve the target income levels is based on holding average cost per unit to about $25,000. At the cost shown in Table I, this average level is achieved over the first five projects contemplated, including Dundas-Sherbourne. The cost estimate is moderated by the substantial proportion of rooms, bachelor and one-bedroom units in the total output.

Family/Non-Family Balance. Of the 1,335 known and potential units planned under the 1974-75 program, 377 or 28 per cent are two bedrooms or larger and considered family accommodation. This is somewhat lower than the 50 per cent target suggested in the Living Room report. However, apart from the Dundas-Sherbourne project in which there was a particular concern for roomers, the proportion is 34 per cent. If the remaining units in the program total have a higher family component, performance will move closer to the targets.

TABLE III

TYPE OF UNITS IN CITY NON-PROFIT
NEW HOUSING PROJECTS

	Rooms	Bachelor Apartments	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Dundas-Sherbourne	81	84	113	15	10	-
Pape-Cavell	-	-	19	14	20	-
Pembroke-Sherbourne	83	32	26	33	18	4
1884 Davenport	-	-	27	27	11	10
Campbell-Antler	-	-	24	39	24	12
TOTAL	164	116	209	128	83	26

Density. Considering the 1,335 units for 1974-75, the building density corresponds closely to the Living Room target. The average density will be about 90 units per acre, and the average coverage will be in the medium density range, recommended by the Housing Work Group, of between one and two times coverage. Nevertheless, if the new housing program is to achieve its family accommodation target, the City will have to build at higher coverages with floor areas closer to two than to one times the land area.

Project Scale. As was noted in the discussion of the land banking program, the Housing Department is having difficulty finding available small scattered sites of approximately one acre on which small, medium density projects of up to 80 units could be built. Some such development is contemplated on the City-owned parking lots and on the Pape-Cavell and Annette Street sites (if the latter is acquired). However, these sites will generate a relatively small proportion of new City production.

In the land banking review, it was recommended that small scattered units have priority and that consideration be given to a proposed call to invite private builders to provide suitable land and construct buildings for sale to the City of Toronto Non-Profit Housing Corporation on a turnkey basis. A number of builders have expressed interest in building small projects for sale to the City, with the sizes discussed varying from approximately ten to sixty units. A proposal call might indicate that the City's Non-Profit Housing Corporation was prepared to acquire: (1) up to 300 units; (2) on sites with a maximum size of one acre; (3) in predominantly residential areas; (4) built at medium densities; (5) with a substantial family housing component; (6) at prices competitive with those for units constructed for the City on a tender basis. Qualitative criteria would have to be established, perhaps based on those in the Core Area Housing Study and the experience to date with City projects.

It is recommended that Council instruct the Commissioner of Housing to report on the desirability and suggested terms of a proposal call for privately-produced, new units to be sold to the City of Toronto

Non-Profit Housing Corporation.

Rent and Incomes. As suggested above, construction costs and amortization are not expected to rise but very substantial increases in operating expenses, reflecting increased labour and fuel costs, may place greater pressure on full recovery of rents. Rents are quite sensitive to variation in maintenance costs. Balanced against the rising operating costs is the possibility of a decrease in the cost of mortgage funds to the City's Non-Profit Housing Corporation in 1975. The Corporation has borrowed at eight per cent under Section 15.1 of the National Housing Act and this rate is below the federal government's borrowing rate. However, if over the next six months to one year, interest rates generally fall by two or three points, then the federal government may borrow at a lower rate and lower the lending rate to non-profit housing corporations a corresponding amount. This in turn would have a beneficial effect on the rents to be charged in City projects.

Core Area Criteria and New Housing Development. In November, 1974, the Commissioner of Planning released recommendations on criteria to govern implementation of the 45-foot holding by-law. The City's Rental Housing Action Program instructed the Commissioners of Planning and Housing to review apartment hotel proposals in light of the proposed interim criteria and to report back to the Buildings and Development Committee on those which might be started quickly. The Core Area interim criteria also have important implications for mixed residential-commercial development by the City Non-Profit Housing Corporation.

In order to establish the economic and design feasibility of a mixed residential-commercial development under the interim criteria, the Housing Department intends to undertake a number of demonstration projects with the criteria for different planning areas of the City. (Several of the parking lot feasibility studies may be useful for that purpose.) Such an exercise would be useful to the Housing Department with respect to its own projects and to private developers who will have to live with the eventual Core Area criteria.

With such models of residential-commercial development at medium density for several sites, the Housing Department could make a convincing case for C.M.H.C. funding, perhaps under the provisions for innovative housing, to engage in assisted housing projects in the Core Area. Given high inner city land costs, the exercise would establish what combination of densities is required to make a project economically feasible.

Planning Controls and Procedures. The Rental Housing Action Program pointed out needed changes in planning controls and OMB procedures to result in a quicker planning approval process. Such changes are necessary if the proposed 1975 target for starts is to be met.

On December 20, 1974 the Minister of Housing wrote to the Mayor concerning O.M.B. notice and approval procedures. He stated that changing of the regulations governing procedures of the Ontario Municipal Board, specifically for the City of Toronto, could be an inappropriate method of speeding up development approvals. Thus the Province has rejected City Council's suggestions for improvements which could accelerate the process by nearly three months.

Ontario Housing Action Program. City Council's Rental Action Program recommended that the Commissioner of Housing be instructed to pursue the eligibility of the City for tax-stabilized grants under the Ontario Housing Action Program to pay for increased servicing costs required by new housing development. Housing Action grants amount to up to $200 per year for a period of three years, or a lump sum payment of up to $600. The program applied originally to ownership units.

Discussions between officials of the Ontario Housing Ministry and the City Housing Department have progressed and developed substantial common understanding of the basis under which rental housing in the City would be eligible for Housing Action Program grants. There has as yet, been no official indication of the terms on which the City program would be considered.

RECOMMENDATIONS:

1. That Council endorse the program and targets set out in this report.
2. That Council request, on behalf of City of Toronto Non-Profit Housing Corporation, that Central Mortgage and Housing Corporation in 1975 commit $25 million for new production by that Corporation and that individual project approvals under the non-profit new production program be delegated to the Branch Office of Central Mortgage and Housing Corporation.
3. That Council instruct the Commissioner of Housing to report on the desirability and suggested terms of a proposal call for privately-produced new units to be sold to the City of Toronto Non-Profit Housing Corporation.

CHAPTER IV

CITY NON-PROFIT ACQUISITION AND RENOVATION PROGRAM

The Living Room report developed a rationale for the purchase of existing housing by the City Non-Profit Housing Corporation. City Council recognized that important social and economic changes were underway in a number of low density neighbourhoods which until recently had been relatively stable. In such areas, rapidly escalating house prices and an extraordinary amount of renovation and resale activity threatened to reduce significantly the availability of lower cost housing. As rooming houses, small apartments, flats and converted houses changed into expensive single family dwellings, households of low and moderate income were increasingly bid out of the market. City housing policy, as outlined in the Living Room report, was intended to ensure that existing housing and neighbourhoods remained available to moderate and low income households. The purchase of appropriate existing housing is the instrument of this policy.

When the City formed a wholly owned municipal non-profit housing corporation, it was able to take advantage of favourable lending arrangements offered by C.M.H.C. under Section 15.1 of the National Housing Act. Under this section, the City Housing Corporation borrows 100 per cent of the purchase price of existing housing from C.M.H.C. with mortgages

bearing interest at 8 per cent. A variety of houses, small apartment buildings, and row housing projects have been acquired and renovated. The City uses federal and provincial funds for repairing and renovating the housing for non-profit use.

The City's purchase of existing housing to reserve it for households of low and moderate income fulfills much the same functions as the traditional filtering process in the housing market. The filtering process, through which more expensive housing became available to lower income households over a period of years as property values declined with age, no longer seems to function efficiently in the City. The typical filtering chain in the past involved a transfer from higher income ownership to lower income ownership and eventually to lower income rental housing. Generally, higher income rental accommodation was a separate market. The current pattern seems in some neighbourhoods to be for low income ownership housing to shift back to higher income ownership housing, as in the whitepainting phenomenon. Occasionally, the pattern is a direct shift from lower income rental housing to higher income ownership. The net effect of these changes is to force out low and moderate income households from relatively cheap and irreplaceable accommodation and possibly out of the City entirely. This process has been accelerated by individual whitepainting efforts and larger

scale conversion of smaller apartment buildings to condominiums. The need for a non-profit alternative is heightened by such trends in private market performance.

The renovation and repair of housing acquired by the City Non-Profit Housing Corporation is a means of upgrading the housing stock and meeting the policy goal of providing decent accommodation at affordable rents for low and moderate income households. The main instrument of this policy has been the Residential Rehabilitation Assistance Program (RRAP) operated by C.M.H.C. under the National Housing Act.

RRAP provides a forgivable loan of up to $2,500 per family housing unit to non-profit housing groups. A forgivable loan of up to $500 per bed may be made by C.M.H.C. to non-profit groups for hostel or dormitory accommodation. The City Non-Profit Housing Corporation uses RRAP funds to repair virtually all of the housing which it buys. In 1974, the City Housing Department followed the Living Room report recommendation that the non-profit acquisition of existing housing and the rehabilitation program be closely inter-related. The non-profit use of rehabilitation funds has the advantage of general application throughout the City rather

than being limited to selected areas under the Neighbourhood Improvement Program (NIP). The availability of RRAP funding has shaped the acquisition program, making it possible to acquire housing in need of repair and providing the resources to raise standards. While the Living Room report anticipated that about 200 of the 600 units to be acquired by City and private non-profit activities might require rehabilitation, in fact virtually all of the units acquired by the City are improved under the renovations program, as almost all of the housing available in the moderate price range requires renovations to bring it up to City housing standards.

Targets and Objectives

The City acquisition of existing housing has proceeded in the context of program objectives set forth in the Living Room report. Those objectives were:

- The immediate provision of housing for low and moderate income families, with incomes from $7,000 to $12,000 per year, particularly the lower half of that income range.
- The development of a stock of non-profit housing, which over the long term could provide housing to serve low income households without operating subsidies.

- The provision of integrated housing in which both moderate and low income households could be accommodated.
- To make available at least 25 per cent of the units for rent supplement low income households eligible for public housing.
- The retention of existing housing and neighbourhoods for moderate and low income households.
- The prevention of rent increases beyond those required to pay for additional capital costs in smaller, older apartment buildings.
- Ensuring that program targets for rehabilitation are met and that the stock which is preserved for assisted housing is rehabilitated and improved.
- The acquisition and conversion of large old buildings into additional units to increase the stock of low and moderate income housing.
- Encouragement of full participation by project residents in the management of the projects.

The program target suggested in the Living Room report for acquisitions was 300 units at a cost of $6 million.

The objectives of the City renovation program, as outlined in the Living Room report, concentrated on the linkage between rehabilitation and the City acquisition of existing housing. Thus, the renovations program must be considered in the light

of its coordination with acquisitions rather than the general need for upgrading the entire City housing stock. The objectives established were:

- Renovation of some existing housing acquired by the City.
- Renovation of existing housing to serve the target population of low and moderate income households.
- Renovating smaller, older apartment buildings for non-profit use and thereby preventing rent increases beyond those required to pay for additional capital costs.
- Ensuring that program targets for rehabilitation are met to rehabilitate and improve the stock reserved for assisted housing.
- Coordination of renovations with the City's neighbourhood planning, rehabilitation and housing standards enforcement programs.

The estimated budget for the rehabilitation program in 1974 was $2 million, averaging $3,333 per unit.

Program Implementation

The City acquisitions program achieved and even exceeded its 1974 target of 300 units shortly after the City Housing Department was organized, with the acquisition of the Bain and Spruce apartment projects. C.M.H.C. approved the purchase of 334 units in these two projects and gave the City an

MAP 1

City Non-Profit Acquisition
and Renovation Program

LEGEND

1: 102 Tyndall Avenue Apartments
2: Dundas-Beverley Project
3: South St. Jamestown Houses
4: Spruce Court Apartments
5: Bain Avenue Apartments
6: Pembroke-Sherbourne Houses
7: Dundas-Sherbourne Houses
8: 98 Elmer Avenue Apartments
9:* 60+ scattered houses not shown.

additional general approval for another 300 units. The acquisitions program has been very diversified, including scattered houses, smaller apartment buildings and larger projects such as Bain, Spruce and South St. James Town. (See Map I.)

In the first few months of operation the acquisitions program was generally reactive. Properties such as Bain, Spruce, Dundas-Sherbourne, Dundas-Beverley and South St. James Town were acquired in response to immediate circumstances or long pending opportunities. The types of units involved did not correspond to the priorities adopted by City Council on April 17, 1974. In the latter part of 1974 the pattern of acquisitions changed as the program moved to a more active footing and more single family dwellings and small multiple dwellings and apartment buildings were purchased.

The slump of real estate values, which began in April, 1974, has favoured the acquisitions program. The City has been able to use the favourable funding under Section 15.1 of the NHA to obtain suitable properties at good prices. The emphasis on acquisition of existing housing is similar to the experience of Ontario Housing Corporation, which early in its existence built up a large inventory of existing accommodation in its portfolio. As of December 31, 1974, the Housing Department acquired 804 units of existing housing at a cost of $14.3 million. There will be a carry over of about one

million dollars of 1974 funds for acquisition of about 60 units not yet approved into early 1975. More RRAP funds will be needed in 1975 for repairs and renovations on these units. Table I identifies some of the major projects and shows the distribution of acquisitions among the main types of units.

TABLE I

CITY ACQUISITIONS PROGRAM, 1974

Project	Number of Units: Rooms and Bachelor Apartments	Number of Units: Other Units	Number of Units: Total	Loan Amount ($ Million)
Dundas-Sherbourne*	32	42	74	0.6
Bain Apartments	-	256	256	6.0
Spruce Apartments	-	78	78	1.6
Scattered Houses	-	57	57	1.8
South St. James Town	168	15	183	1.9
Dundas-Beverley	36	23	59	1.1
Pembroke-Sherbourne**	20	7	27	0.4
Small Apartment Buildings	1	59	60	1.2
TOTAL	257	547	804	14.3

* Purchased with 1973 funds. Existing houses are valued at $600,000. Total purchase price of the site was $1,621,000.

** Existing houses are valued at $430,000. Total purchase price of the site was $900,000.

SOURCE: City of Toronto Housing Department, 1974.

TABLE II

CITY HOUSING ACQUISITIONS - 1974

	Purchase Price		Non-Family		Family			
	($000)	Per Cent	Rooms & Bachelor Apartments	1 Bed-room	2 Bed-rooms	3 Bed-rooms & Over	Scattered Houses	Total Units
Bain Apartments	6,000	41	-	71	105	80	-	256
Spruce Apartments	1,600	11	-	32	35	11	-	78
Dundas-Sherbourne *	600	5	32	16	8	18	-	74
Dundas-Beverley	1,100	8	36	8	4	11	-	59
Pembroke-Sherbourne **	430	3	20	1	2	2	2	27
South St. James Town	1,890	13	168	15	-	-	-	183
Small Apartment Buildings	918	6	1	23	27	9	-	60
Scattered Houses	1,800	13	-	-	-	-	57	57
TOTAL	14,338	100	247	166	181	131	59	804
Percentage of Units			33	21	23	16	7	100
Average Floor Area (sq. Ft.)			150	500	650	750	1,108	510
Total Floor Area (Sq. Ft.)			38,550	83,000	117,650	98,250	65,372	402,833
Percentage of Floor Area			10	21	29	24	16	100

SOURCE: City of Toronto Housing Department, 1974

* The existing houses are valued at $600,000. Total purchase price of the site was $1,621,000.

** The existing houses are valued at $430,000. Total purchase price of the site was $900,000.

Acquired Properties. The acquired properties can be divided into a number of groups according to the type of accommodation. Table II shows the types of units acquired in 1974 and the major projects which account for a large proportion of the program.

Table III shows that the acquisitions program has placed a strong emphasis on family accommodation. Nearly half the units are two bedrooms or larger and would be suitable for families with children. The balance is even heavier in favour of family units when the floor area of acquired properties is considered. Since family units are larger, they account for 70 per cent of the floor area in the 1974 acquisitions program.

TABLE III

CITY HOUSING ACQUISITIONS, 1974

NON-FAMILY AND FAMILY UNITS

	Number of Units	Percentage of Units	Floor Area (Sq. Ft.)	Percentage of Floor Area
Non-Family Units	423	53	121,550	31
- Rooms and Bachelor Apartments	257	32	38,550	10
- 1 Bedroom Apartments	166	21	83,000	21
Family Units (2 Bedroom Apartments and Over)	381	47	281,272	69
TOTAL	804	100	402,822	100

SOURCE: City of Toronto Housing Department, 1974.

The emphasis shown in 1974 departed in some respects from the priorities suggested in the Living Room report and the priorities adopted by City Council. Living Room anticipated that the acquisitions program would concentrate on smaller, older apartment buildings. In fact, units in such buildings accounted for only about one-twelfth of the total program. The major departure was caused by the opportunity to buy the Bain and Spruce apartments, which were fairly large projects with a large component of family units. The Living Room report also envisioned that the program would acquire very large old buildings to convert them into additional units. The Dundas-Beverley and Dundas-Sherbourne projects are examples of conversions which created additional units. This may depend on finding suitable buildings which may not be used presently for residential purposes. In one instance, the City will acquire a school building which is suitable for conversion into 12 residential units, 10 of which are suited to families, and will lease it to a private non-profit corporation.

City Council adopted the following priorities for acquisition on April 17, 1974:

- Single family dwellings.
- Duplex, triplex, 4-plex.
- Apartment buildings containing a mix of family units.
- Larger old houses for conversion into flats.
- Non-family apartment buildings.

On July 31, 1974 C.M.H.C. indicated the basis on which it would fund the City acquisitions program. C.M.H.C. stated that the program would be aimed mainly at family accommodation, that is, one bedroom units or larger, in conformity with the policy adopted earlier by City Council. No more than 25 per cent of the livable floor area should consist of bachelor or hostel accommodation.

TABLE IV

COSTS OF CITY HOUSING ACQUISITIONS - 1974

	Acquisition Cost ($000)	Renovation Cost ($000)	Total Cost ($000)	Number of Units	Total Cost Per Unit $
Bain and Spruce Apartments	7,600	728	8,328	334	24,934
Converted Houses	1,500	2,243	3,743	160	23,394
Houses	1,800	65	1,865	57	32,719
Small Apartments Buildings	918	--	918	60	15,300
South St. James Town (Mainly Rooms)	1,890	426	2,316	183	12,655

Council approved the basis of C.M.H.C. funding for a two month period and instructed the Commissioner of Housing to report back on whether the C.M.H.C. guidelines were workable. Among other terms, C.M.H.C. stipulated that the maximum average cost per unit after rehabilitation or conversion be $25,000 with an upper limit in individual cases of $30,000. From Table IV, which shows per unit costs for several types of units, it appears that the C.M.H.C. guidelines are workable, subject to uncertainties concerning the performance of the Toronto housing market during 1975.

Non-Profit Rents in Existing Housing. Each acquisition in the City housing program is evaluated on the basis of its capacity to provide housing to families of low and moderate income at rents at or below prevailing market rates. City projects are budgeted to be self-sustaining from rent revenues. While rents may initially approximate market levels in order to achieve cost recovery, the City's aim is to build up a stock of low and moderate income housing which over time will provide low or comparatively stable rental accommodation. A minimum of 25 per cent of units are available to rent supplement households and the proportion may be higher where recommended by the City. Existing occupants whose incomes exceed the limits of the program pay a surcharge linked to income on a sliding scale.

Rents vary from project to project, but Table V provides a comparison of rents in some City projects and existing and projected market rentals. For each rent level, it is possible to calculate the family income which would correspond on the basis of a shelter cost of 25 per cent of income. For example, a one-bedroom apartment renting on the private market for $180 would require a household income of $8,640. To obtain comparable accommodation in the Bain Apartments, renting at $145, household income would be about $6,960. This actually falls below the $7,000 to $12,000 income range established for the City program in 1974. A two-bedroom family

unit, renting for $250 on the private market, would require an income of $12,000. Once again, a comparable unit at Bain could be carried by a family earning $9,024. One and two-bedroom apartments could be carried by individuals and families in the lower portion of the City's income range, while a three-bedroom unit, requiring a family income of about $10,600, could be carried by those in the moderate income group. Private rentals for two and three-bedroom units, on the other hand, will reach levels that strain the means of moderate income families.

The Province agreed to front end loading of the ten per cent capital grant under the Community Sponsored Housing Program. The grant was raised in the initial years from $12 to $15 monthly per $1,000 of capital cost and to $18 in projects such as Spruce Apartments where the City would have had to raise existing rents more than ten per cent.

Acquisition Procedures. C.M.H.C.'s funding commitment was offered, as requested, to the City Non-Profit Housing Corporation. The Corporation has the legal power to borrow the funds without consulting City Council. However, on August 8, 1974, City Council adopted the policy that the Board of Directors of the City Non-Profit Housing Corporation be requested to bring before Council, for its concurrence, any proposed housing

acquisitions where the particular housing project contains more than 24 units. In the case of projects of 24 units or less, the Board would proceed to acquire the housing in accordance with the policy adopted by City Council on April 17, 1974 and the terms set by C.M.H.C.

In response to City Council's acquisitions policy of April 17, 1974, greater emphasis was placed on small single family detached houses. The decline of prices in 1974 enabled the City to purchase 60 houses in various neighbourhoods at an average price of $31,400. This compares very favourably with the cost of building comparable new accommodation. For example, a unit of row housing with comparable floor area and facilities would cost about $40,000 including land.

TABLE V

RENTS IN PRIVATE MARKET AND CITY ACQUIRED EXISTING HOUSING, 1975

		City					
Unit Type	Private Market $	Bain $	Spruce $	South St. James Town $	Scattered Houses $	Converted Houses $	Small Apartment Buildings $
Room	135	-	-	80	-	120	-
Bachelor Apartment	190	-	-	-	-	175	-
1 Bedroom	200	145	165	-	-	190	175
2 Bedroom	280	188	195	-	-	270	190
3 Bedroom	335	207	230	-	-	325	200
4 Bedroom	390	225	-	-	-	385	-
5 Bedroom	425	230	-	-	-	420	-
Townhouse	-	-	300	-	-	-	-
House	-	-	-	-	240	-	-

SOURCE: City of Toronto Housing Department, 1974.

Table V shows that conversions, involving extensive renovation, result in the most expensive existing non-profit housing. In comparison, scattered houses provide high quality accommodation at more reasonable cost.

Project Management. The Living Room report made no provision for project management. The rapid progress in the acquisition of existing housing made it necessary to develop a capacity for managing housing as soon as the Housing Department was established in April, 1974.

The acquisition of the Bain and Spruce Apartments, which total 334 units, met the acquisition target for 1974. These projects were nearly fully occupied and required that the Housing Department establish a relationship with the existing tenants and assume responsibility for the management of the projects. City Council also decided to acquire the Dundas-Beverley and South St. James Town houses, in which there will be more than 200 roomers and about 50 families. The City has also acquired about 60 houses and a regular flow of such acquisitions will continue in 1975. Most of the units in the small apartment buildings are currently occupied as well.

The City Housing Department has taken on the actual administration of the acquired projects and is developing a management system which will have the capacity to cope with the additional 500 units anticipated in 1975. On site project managers, caretakers and maintenance personnel were hired as temporary employees in the Housing Department, which provides management and maintenance services to the City of Toronto Non-Profit Housing Corporation.

That Corporation reimburses the City for the cost of those services from project revenues. The cost of general administration of the operation of the housing is borne by the City, i.e. supervision of project managers, maintaining the waiting list, rent registry, project accounting, tenant relations etc. The Organization and Methods Division of the Finance Department has assisted greatly in the development of operating procedures in these areas. The project management system will also be reviewed as part of the consultant's study of the organization of the City Housing Department. It is recommended that the City continue to provide maintenance and management services to the City of Toronto Non-Profit Housing Corporation on the above noted basis, at least until that review is complete.

The development of tenant participation in project management is under review by the Housing Department. The Living Room report established the principle of full participation by project residents in the management of projects. The Bain Apartments gave the City its first practical experience in managing an emerging cooperative development. It has helped form the elements of a broad management policy, including collaboration with tenants on setting budgets, relationships with government departments, technical support, voluntary maintenance and renovation work, and participation in the selection of new tenants.

The tenant selection procedure in the Bain Apartments indicates the emerging role of tenants' associations in City projects. A tenant selection committee was established to interview eligible applicants referred to it from the City's waiting list and to make recommendations on acceptance. The City's waiting list operates on a first-come, first-served basis not on a point system. Tenants are interviewed according to their place on the waiting list but are subject to further criteria adopted by Council:

- Income. Applicants must come within the income limits set by C.M.H.C. A minimum of 25 per cent of units are available to rent supplement households, and the proportion may be higher where recommended by the City project team. Existing occupants whose incomes exceed the limits of the program pay a surcharge linked to income on a sliding scale.
- Household Size. Units are offered to households which will occupy them fully and require the amount of space in the unit.
- Residence in the Area. Half the units are available to persons who either reside in the area or who resided in the area for a substantial period of time and moved within the last two years. "Area" is considered within one mile of the project.
- Special Housing Problems. Applicants with severe housing problems may be given consideration out of order of their place on the waiting list.

- Metro Residency Requirement. Tenants who wish to be subsidized by the Ontario Ministry of Housing under the Rent Supplement Program must meet Metro's one-year residency requirement for public housing.

In addition to these criteria, applicants who do not appear to be suitable tenants may be rejected, and any applicants thus rejected will be given reasons for their rejection. This policy was adopted by Council on October 16, 1974 and by the Board of the City Non-Profit Housing Corporation on September 9, 1974.

The prominent role of the tenants' associations in selecting new tenants derives in part from City Council's intention that the tenants should eventually assume management of the project. This process may serve as a model for future acquisitions as well, so that the City avoids the difficult administrative task of being landlord to thousands of tenants. Through a variety of measures, including entering into management contracts, leasing of projects to private non-profit housing corporations and perhaps outright sale of projects to such groups, the City intends to spin off gradually the responsibility for management. Groups of tenants and smaller management units which are closer to the neighbourhoods and which in the long run can maintain a more responsive relationship with tenants groups, will assume these tasks.

Rent Supplement Program. Obstacles to payment of the rent supplement to various non-profit projects in the City, including the City non-profit Bain and Spruce projects exist at both the federal and provincial levels. The provincial difficulty is the Province's requirement that no part of the income of a non-profit housing corporation may be used for professional development, education, research or travel. The federal difficulty is that C.M.H.C. has not yet authorized the payment of permanent rent supplement for all rent geared to income units under the non-profit program under the same terms as for public housing. The delay in payment has caused serious problems for the non-profit sector.

The City should call upon C.M.H.C. to approve the payment of the full rent supplement for all units provided to rent-geared-to-income tenants in exchange for the 10 per cent provincial grant and urge the Province and C.M.H.C. to expedite implementation of the rent supplement provisions in the non-profit program.

On January 8, 1975, the Mayor, acting as President of the City Non-Profit Housing Corporation, requested the Minister of State for Urban Affairs to take steps to improve the operation of the Rent Supplement Program. The Minister was asked to take action to have the 25 per cent limit and the restriction

to family units only deleted from the guidelines for interim funding of the program and to instruct federal officials to deal with each application on its merits until permanent policies are established. As yet there has been no response.

City Council should request the Minister of State for Urban Affairs to:-

(a) establish no particular percentage limit or restriction to family units in the guidelines for permanent funding of the Rent Supplement Program;

(b) instruct federal officials to deal with each application on its merits and to grant requests for rent supplement for larger proportions of units:

  (i) When the project is particularly small or when individual units are scattered.

  (ii) When special groups such as senior citizens or the physically handicapped are being accommodated.

  (iii) When the neighbourhood itself is made up of primarily low income families and is sympathetic to the project.

(c) ensure that administration of the Rent Supplement Program and consideration of individual applications rests with Branch Offices of Central Mortgage and Housing Corporation.

Scattered Houses. The City's acquisition of existing single family dwellings or scattered houses is a unique feature of the program. Most of these smaller houses, averaging six rooms, have been purchased in the east end of the City. A high percentage of the 57 houses acquired in 1974 are located to the East of the Don River. The remaining 10 per cent are located in the West End. The distribution reflects the relatively low prices of houses in these areas. For example, in the ten months from January 1 to October 31, 1974, the average price in the East End was about $40,000 and $44,000 in the West End. Other areas of the City ranged much higher and the City, limited by economic viability to a maximum price of $33,000 per unit, could not feasibly buy in other parts of the City.

The homes acquired were on lots averaging 1,750 square feet, and having an average floor area of 1,108 square feet. Purchase prices ranged from $25,000 to a high of $33,000. The average price the City paid was $31,400, some 15 per cent below the average asking price. Very favourable market conditions, from the City's point of view, enabled the City to acquire properties in good condition at reasonable prices. Renovations will be carried out in all of the properties in order to bring them up to C.M.H.C. and City housing standards.

The lowest renovation estimate is $330 and the highest, at $5,275 is more than double the amount of the RRAP grant of $2,500. The average renovation cost estimate is about $1,925. A large portion of this would be related to fireproofing under C.M.H.C. regulations, averaging approximately $775 per home.

In about two-thirds of the houses, the units were occupied by owners when the City acquired them. About one-quarter of the houses were vacant and the remainder were occupied by rental tenants who have been given the option of remaining in this accommodation. It is estimated that rents in these houses will range from about $175 to $250, implying a family income range of $8,350 to $11,900. Most will run from $210 to $230. The average family income without rent supplement over the houses will be about $12,000, a level necessary to sustain the average $225 rent plus utility costs, allowing 25 per cent of income for shelter. This figure includes a 10 per cent provincial grant.

The house acquisitions program yields an extremely desirable form of assisted housing at reasonable cost. At a time when private development is stressing the production of condominium units for ownership, and rental units are converted to ownership via the whitepainting process, house acquisitions provide a counterweight by making previously ownership stock available to low and moderate income tenants. It gives better value

for the tenants' money than other accommodation because taxes are roughly the same as on an apartment and there are no janitorial and related maintenance costs for common areas. The tenant provides those services himself. The major drawback of house acquisitions is the great investment of administrative time required per unit to buy each house. City staff estimate that they consider 30 houses to buy seven. In an average week, the staff may visit 20 to 25 houses and eventually purchase five or six of these.

When C.M.H.C. announced in September, 1974 that additional funding would be available for the City acquisition program. the Housing Department asked the Toronto Real Estate Board to inform its members and the City's interest received some newspaper coverage. Nearly 300 units were offered to the City in a few weeks. Over this period, the constraints of administrative processing, inspecting properties and gaining C.M.H.C. and City housing standards approval, engaging sellers and agents in negotiation, and obtaining commitments on conditional offers subject to agreement of the City Housing Corporation Board all became apparent. The inefficiency in administrative terms results from the fact that processing the purchase of a single family dwelling requires virtually the same steps as the purchase of a multiple unit apartment building.

A second factor which limits the extent of house acquisitions is the small size of the market of units of appropriate cost and facilities. This is apparent if we look at one zone of the Toronto Real Estate Board, where 65 per cent of the 1974 City acquisitions occurred. For the first ten months of 1974, average prices in this zone were lower than any other zone in the City, at $37,759. There were 973 sales in that period or about 100 a month. Since the City's top price is $33,000, less than half of the houses sold would be appropriate. That means the City is buying in a market of perhaps 40 units a month or less. Recently, the City has been buying perhaps 15 to 20 houses a month in this zone. It is evident that much more aggressive activity by the City in this market is likely to exhaust the supply and push prices up.

Virtually all housing units acquired by the City in 1974 will be renovated under the RRAP. As shown in Table VI, renovations and repairs have been completed on a total of 54 units. A total of 585 units will be renovated in 1975, and the estimated costs are provided. The only units not included in the report on renovations are those which were acquired very recently and for which estimates are not yet available. This concerns mainly two properties amounting to 60 units.

The total cost of the program is estimated at $3.0 million or $4,767 per unit. Since the forgivable funding under RRAP is a maximum $2,500 per unit, a sizable portion of the renovations must be financed by other means. Twenty per cent of the difference between the RRAP grant and the cost of renovation on each project is made up by federal and provincial grants. In fact, these grants will make up 12.6 per cent of the total renovation cost. The shortfall in this grant is due to the fact that there are wide variations in the renovation cost per unit among projects and RRAP grants cannot be averaged over the various projects. The remainder of the renovation cost, slightly over 50 per cent, must be financed under the C.M.H.C. mortgage and is borne by tenants in the form of higher rents.

Type of Renovations and Costs. There is wide variation in the cost per unit and cost per square foot, according to the type of work which needs to be done to bring the unit up to City and C.M.H.C. standards and the initial condition of the property. Nevertheless, a relationship can be discerned between renovation costs and the type of work done. A general indication of the type of work carried out in each project has been given in Table VI. It will be seen that the renovation costs for repair and decorating, such as in some of the Bain Apartments units and in the scattered houses,

are as low as $1.00 per square foot. These correspond to per unit costs of roughly $1,000. Such minor repairs are also modest in comparison with the purchase price of the units concerned. For example, repair of the scattered houses is estimated to cost only about four per cent of the average purchase price. In such instances, RRAP grants are adequate to cover the cost.

More extensive renovations, involving fireproofing of walls, new plumbing and wiring systems, as well as repair and decorating, may cost several dollars a square foot. The Spruce Court, Bain and South St. James Town apartments and rooms are in this range. In fact, if the overall average cost of renovations is considered, this is the most common type of work. In this range, the cost per unit may exceed the RRAP grants and additional funding in the form of grants or larger C.M.H.C mortgages may be necessary.

The most intensive and expensive renovation involves complete gutting, reconstruction and conversion of the interior of the buildings. Some of the units at Bain, Dundas-Beverley and Dundas-Sherbourne are in this category. Costs may range over $20 per square foot and may be many thousands of dollars per unit. The additional funding requirement is heavy as well when renovations may amount to over half the purchase price.

There is no simple correspondence between the extent of renovations and the time which elapses between acquisition of the property by the City Housing Corporation and occupancy. Certainly, minor renovations in some projects take place while tenants remain in the units. In other projects, such as at Bain, fairly minor renovations may take several months to complete, particularly where there is the difficulty of renovating occupied units. A pattern which seems clear from the experience so far is that renovations in single family dwellings generally are fairly minor and may be completed quickly. The major gutting operations, such as at Dundas-Beverley and Dundas-Sherbourne, are quite time consuming and are estimated to take seven months and more. Despite the often substantial periods of time involved in renovating existing housing, it is clear that these units will be ready for occupancy much sooner than the City could provide new housing accommodation under the non-profit program.

The 1975 Acquisition and Renovation Program.

Targets. The City intends to acquire $10 million worth of existing housing in 1975 which, on the basis set out below, translates into 525 units. That will mean a two-year total of 1,400 units under the Living Room program. The City has budgeted $10 million for this and it can be broken down in light of the City's priorities as shown in Table VII.

TABLE VI

CITY RENOVATION OF EXISTING HOUSING - 1974

Project	No. of Units	Purchase Price ($ Million)	Floor Area (Sq. Ft.)	Type of Work	Cost of Renovation $ Total	Cost of Renovation $ Per Unit	Cost of Renovation $ Per Sq.Ft.	Cost of Renovation As Percentage of Purchase Price	$ RRAP Grant	$ Additional Federal Grant*	$ Additional Provincial Grant*	Balance under Section 15.1, NHA	Time Required to Complete (Months)
I. ACTUAL													
Spruce Court	16	1.60	9,480	New services, repair and decorating	78,433	4,902	8.27	23.9	40,000	3,843	3,843	30,747	10
286, 331 Bain Avenue	2	0.06	2,500	Fireproofing and decorating	2,615	1,308	1.05	4.[illegible]	2,615	-	-	-	1
Bain Apartments :	8		4,200	Gutting	66,800	8,350	15.90						
	28		20,500	Repair and decorating	21,383	764	1.04		88,183	-	-	-	8
TOTAL - ACTUAL	54		36,680		169,231	3,134	4.61		130,798	3,843	3,843	30,747	

TABLE VI:

CITY RENOVATION OF EXISTING HOUSING - 1974

Project	No. of Units	Purchase Price ($ Million)	Floor Area (Sq.Ft.)	Type of Work	Cost of Renovation $ Total	Cost of Renovation $ Per Unit	Cost of Renovation $ Per Sq.Ft.	Cost of Renovation As % of Purchase Price	$ RRAP Grant	$ Federal Grant*	$ Prov'l Grant*	Balance under Section 15.1, NHA	Time Required to Complete (Months)
II. ESTIMATED													
Bain Apartments	224	6.00	153,700	Repair and decorating	561,817	2,508	3.66	10.8	561,817	-	-	-	8
South St. James Town	183	1.50	60,830	New services repair and Decorating	425,930	2,327	7.00	28.4	127,500	29,843	29,843	238,744	5
Scattered Houses	45	1.30	47,481	Fireproofing, repair and decorating	51,191	1,138	1.08	3.9	51,191	-	-	-	2
Dundas-Beverley	59	0.50	38,922	Gutting and repairs	527,805	8,946	13.56	105.6	83,500	44,430	44,430	355,445	18
Dundas-Sherbourne	74	0.60	60,702	Gutting	1,310,000	17,702	21.58	218.3	169,000	113,100	113,100	914,800	7
TOTAL - ESTIMATED	585	9.90	361,635		2,876,743	4,917	7.95	29.0	993,008	187,373	187,373	1,508,989	
TOTAL - ACTUAL AND ESTIMATED	639	14.10	398,315		3,045,974	4,767	7.65	21.6	1,123,806	191,216	191,216	1,539,736	

* Additional federal and provincial grants are calculated at 10 per cent of the difference between RRAP grant and cost of renovation.

TABLE VII

PROPOSED CITY ACQUISITION PROGRAM, 1975

Type	Number of Units	Cost ($ Million)
Single family dwellings	150	5.0
Apartments	250	4.0
Rooms	125	1.0
TOTAL	525	10.0

This corresponds fairly closely to the performance under the program since October of this year, in which period Council's priorities of house and family sized apartments have been followed. In 1975, the emphasis on family units will be increased. Of the 525 units to be acquired, the City intends to buy 150 single family dwellings, 250 apartments and 125 rooms.

It is important to bear in mind that the acquisitions program is highly responsive to the state of the housing market. Just as the market in 1974 permitted the City to accelerate the acquisition of existing housing, so market conditions in 1975 may alter performance and affect achievement of the

targets set above. During the first month of 1975 buying activity picked up in the lower priced part of the house market and those houses offered to the City in our target price range were not of as good a quality as those purchased in 1974. With interest rates beginning to decline, demand may increase and prices may rise to the point where purchases are not economically feasible. We will have to monitor the market closely and report back to Council if adjustments are required in the proposed targets.

The objectives of the City acquisitions program contain some internal contradictions which impose constraints on what can be achieved. The City aims to provide housing immediately to low and moderate income families. It is intended to accommodate low and moderate income households in integrated housing. The contradiction seems to lie with the goal of retaining existing housing and neighbourhoods for such households, when this is interpreted as the preservation of specific buildings and neighbourhoods. This has increased pressure on the acquisitions program to become involved in costly solutions to neighbourhood problems, including buying out developers at substantial prices. It is doubtful whether the acquisitions program can effectively counter whitepainting trends in inner city areas where high property values make non-profit projects uneconomic without further subsidies.

The City's acquisition and renovation of existing housing is the first part of the non-profit program to yield results which can be studied in detail. A program evaluation of this activity should be carried out to refine criteria concerning costs and the type of work done. City Council should instruct the Commissioner of Housing to:

(a) report to Council on a study proposal for a program evaluation of the City Non-Profit Acquisition and Renovation Program; and

(b) discuss with the appropriate federal and provincial officials the participation of the senior levels of government in the study.

The federal government has recently introduced amendments to the NHA which would provide a land lease-back alternative to the 10 per cent capital contribution currently available. The provisions will give C.M.H.C. authority to buy and lease land at low rates under the Non-Profit Program. It remains to be demonstrated that these measures will provide a sufficiently deeper subsidy to improve the economic viability of properties considered too costly for City non-profit acqusition up to now.

If the land component is acquired and leased by C.M.H.C. at 4 per cent rather than 8 per cent for example, that would be equivalent to increasing the capital grant from 10 per cent to 20 per cent and would allow purchases costing an additional $2,250. It is

doubtful that a subsidy of that magnitude would have any substantial effect on the type of properties which could be acquired.

In terms of both administrative efficiency and cost per unit, the best buys the City can find in existing housing may be small apartment buildings, triplexes and duplexes. The experience of 1974 has raised a problem in this part of the market. An anomaly of the assessment system means that higher property taxes are levied on multiple unit rental buildings. The assessment, on a square foot basis, may be 35 to 50 per cent higher in a duplex or triplex than for a single family dwelling. When property taxes are added into the cost calculation, the additional cost may produce a rent increase under non-profit ownership which makes the purchase unfeasible

The renovations program in 1975 will be related to the acquisition of 400 units and 125 rooms of existing housing. Renovation costs has been budgeted at $2,500 per unit for an apartment or house and $500 per room for an average of $2,024. The total for the program will be $1,062,500. Additional funds will be required for the carry forward of 1974 funds.

Summary.

1. The program's income objectives of $7,000 - $12,000 have been met, with larger units in the upper end of that range.

2. Priority to family units is now being given effect, with

concomitant emphasis on roomers.

3. Projects acquired with existing occupants were broadly integrated at the time of acquisition. This leads to problems with the Rent Supplement program.

4. The program is least successful fighting whitepainting because:

   (a) house prices are too high;

   (b) conversions are very expensive; and

   (c) buying out developers is also costly.

5. The house acquisition program is most attractive, but the market is thin and appears to be coming under pressure.

RECOMMENDATIONS:

1. That City Council adopt the acquisition and renovation program and targets set out in this report.

2. That the Commissioner of Housing be instructed to apply, on behalf of the City of Toronto Non-Profit Housing Corporation, to Central Mortgage and Housing Corporation for a $10 million loan commitment under Section 15.1 of the National Housing Act for the acquisition of existing housing.

3. That the Acquisition Program be operated on a full recovery

basis, serving families with incomes from $7,000 to $12,000 and individuals with incomes from $4,000 to $8,500, and that rent supplements be made available in accordance with Recommendation 4.

4. That City Council request the Minister of State for Urban Affairs to:

   (a) establish no particular percentage limit or restriction to family units in the guidelines for permanent funding of the Rent Supplement Program;

   (b) instruct federal officials to deal with each application on its merit and to grant requests for rent supplement for larger proportions of units:

      (i) when the project is particularly small or when individual units are scattered;

      (ii) when special groups such as senior citizens or the physically handicapped are being accommodated;

      (iii) when the neighbourhood itself is made up of primarily low income families and is sympathetic to the project;

   (c) ensure that administration of the Rent Supplement Program and consideration of individual applications rests with Branch Offices of Central Mortgage and Housing Corporation.

5. That City Council instruct the Commissioner of Housing to report further on a study proposal for a program evaluation of the City Non-Profit Acquisition and Renovation Program, and to discuss with the appropriate federal and provincial officials their participation in the study.

CHAPTER V

PRIVATE NON-PROFIT HOUSING: NEW AND EXISTING

Private non-profit housing is known as the third sector of the industry, complementing market and public ventures in the field. The National Housing Act defines a non-profit organization as one in which no part of the income is payable or otherwise available for the personal benefit of any proprietor, member or shareholder. Private non-profit activity is intended to create another method of integrating assisted housing for moderate and low income households into the community. Their activity encourages voluntary participation of the community and residents both in the development and the management of projects. The growing capability of private non-profit groups to produce housing will lessen dependence on governments for the provision of these services and increase individual and community independence and self reliance.

The City's policy has been to give non-profit groups high priority in the development of assisted housing and it has attempted to assist the groups in developing proposals for both acquisition and renovation of existing housing and new construction. The non-profit sector is made up of several types of groups, including service clubs such as The Kiwanis and Elks, which were active in senior citizen housing; municipal or province-wide institutions such as the YM-YWCA, churches and labour unions; and neighbourhood groups. In

1974, the Metropolitan Toronto Labour Council established a housing corporation. Several groups established the Toronto Non-Profit and Cooperative Housing Federation as an umbrella agency to organize the sector and voice common concerns.

Private non-profit activities are financed by C.M.H.C. under Section 15.1 of the NHA. Non-profit housing loans under Section 15.1 provide low interest rate mortgages for 100 per cent of the value of the projects. Funding for renovations is available under the RRAP provisions. Projects are assessed for their economic viability and must yield accommodation at rents which are lower than market rates for comparable housing.

In 1974, the Government of Ontario began to operate assistance for non-profit housing corporations of community groups and municipalities under the Community Sponsored Housing Program. The Province intended that private non-profit groups would provide housing for families, senior citizens, those with special disabilities, and single people in a wide range of income levels, with concentration on moderate and low incomes. The Province makes up to 10 per cent of the capital value of a project available in order to reduce mortgage payments and lower rents for all units within a given housing project. The contribution is spread over the first 15 years of the project's life.

Under the Rent Supplement Program, financial assistance is provided for those residents who are in the lower and moderate income groups. Generally, a maximum of 25 per cent of the units will be eligible for rent supplement assistance. Groups are expected to give special consideration to those on waiting lists for government rent-assisted accommodation and the selection of tenants is limited by provincially set maximum income levels. Non-profit groups must agree to manage and operate their housing units at cost, thereby providing housing at reasonable rents which are expected to be relatively stable in the long run.

Targets and Objectives

The Living Room report established the high priority of non-profit housing in the City. Its recommendations, which were adopted by City Council, committed the City to active encouragement of the non-profit groups in cooperation with the senior levels of government. The Living Room report recommendations were:

- That private non-profit producers of new housing be given first priority in the allocation of sites in the City land bank.
- That technical assistance in project planning, design, construction and operation be given to the groups by City staff.

- That C.M.H.C. be requested to coordinate the provision of organizational assistance and start-up funds with the City.
- That the provincial government be requested to provide further 10 per cent capital grants to public and private non-profit housing corporations, to ensure that the lower end of the moderate income range may be served by the program.

The City set production targets for private non-profit groups of 400 new units and acquisition of 300 existing units in each of 1974 and 1975. The new construction program was estimated to cost $10 million and the acquisition program $6 million per year, plus an additional $750,000 for renovations under the RRAP provisions. These targets may be considered in the context of provincial estimates for 1974-75 of 2,000 new starts and acquisition of 1,200 units by both public and private non-profit corporations. Considering the City's non-profit activity and the private groups together, it will be clear that the City of Toronto was expected to account for a large portion of non-profit enterprise in Ontario. The federal and provincial budget for non-profit housing was $79.1 million in 1974-75. In fact, the Living Room targets for City and

private non-profit activity in 1974 amount to 50 per cent of the Province-wide estimate.

Program Implementation

New Production. Table I shows the activities of private non-profit groups in 1974 for both new and existing housing under loans approved for three headings of family, non-family and senior citizen accommodation. The total new production approved by C.M.H.C. for 1974 is 430 units. Only 42 units of the new production were family accommodation. C.M.H.C. has committed $14.8 million to non-profit activities in 1974, taking new construction and acquisitions together.

Acquisitions. The non-profit groups made a stronger showing in acquisitions in 1974. They exceeded the target, reaching a total of 389 units,with a further 176 units in process or under discussion. There was a strong family emphasis in the acquired units and 50 per cent of the existing accommodation brought into the private non-profit stock will be suitable for families. (See Table II.) This is the same proportion as the City non-profit program achieved in 1974.

Taking the total addition to the private non-profit stock through new construction and acquisition, the groups exceeded the target set in the Living Room report by 10 per cent,

TABLE I

PRIVATE NON-PROFIT HOUSING PROGRAM IN CITY OF TORONTO, 1974

Name of Organization	Number of Units								Amount of CMHC Loan
	Family		Hostel, Bachelor and 1 Bedroom		Senior Citizen		Total		
	New	Existing	New	Existing	New	Existing	New	Existing	$
I. APPROVED									
Don Area Community Homes, Inc. (DACHI)	18	78	-	-	-	-	18	78	1,638,000
	-	-	28	28	-	-	28	28	946,000
Davenport Homes	-	-	-	10	-	-	-	10	93,000
Dufferin Grove	-	24	-	-	-	-	-	24	397,300
ForWard 9*	-	40	-	-	-	50	-	90	1,116,483
Grace-Carmen Church	-	-	-	-	114	-	114	-	1,286,000
Mon Sheong Foundation**	-	-	-	-	65	-	65	-	592,206
Main-Gerrard Cooperative	20	36	32	15	-	-	52	51	1,876,000
Parkdale United Church Foundation	-	-	132	-	-	-	132	-	1,460,405
Riverdale Housing	-	33	-	7	-	-	-	40	858,880
St. Thomas Anglican**	-	-	-	-	17	18	17	18	494,153
Trefann Homes*	4	-	-	-	-	-	4	-	100,000
Wigwamen, Inc.*	-	25	-	-	-	-	-	25	662,500
Ward 3	-	25	-	-	-	-	-	25	671,500
TOTAL	42	261	192	60	196	68	430	389	12,192,427

TABLE I : PRIVATE NON-PROFIT HOUSING PROGRAM IN CITY OF TORONTO, 1974

Name of Organization	Number of Units								Amount of CMHC Loan
	Family		Hostel, Bachelor and 1 Bedroom		Senior Citizen		Total		
	New	Existing	New	Existing	New	Existing	New	Existing	$
II. IN PROCESS									
Annex Community	-	-	25	25	8	9	33	34	1,385,000
Don West	-	15	-	30	-	-	-	45	475,000
Dufferin Grove	-	5	-	-	-	-	-	5	91,385
Elizabeth Fry Society	-	-	-	9	-	-	-	9	56,000
Narconon	-	-	-	28	-	-	-	28	110,000
TOTAL	-	20	25	92	8	9	33	121	2,117,385
III. UNDER DISCUSSION									
Metro Toronto Association for Mentally Retarded	-	-	-	15	-	-	-	15	150,000
St. Michael's Halfway House	-	-	-	20	-	-	-	20	150,000
Transition House	-	-	-	20	-	-	-	20	175,000
TOTAL	-	-	-	55	-	-	-	55	475,000
TOTAL: Approved, In Process, Under Discussion	42	281	217	207	204	77	463	565	14,784,812

*Approved in 1973.

**Hostel beds for senior citizens.

Source: C.M.H.C., Toronto Branch Office, and Ontario Ministry of Housing, Community Sponsored Housing Branch, 1974.

TABLE II

PRIVATE NON-PROFIT ACQUISITIONS - 1974
NON-FAMILY AND FAMILY UNITS

	Number of Units	Percentage of Units
Non-Family Units (Rooms, Bachelor and 1 Bedroom Apartments)	284	50
Family Units (2 Bedroom Apartments and Over)	281	50
Total	565	100

SOURCE: CMHC Toronto Branch Office, 1974.
and Ontario Ministry of Housing,
Community Sponsored Housing Branch, 1974.

reaching 829 units. Paradoxically, in so doing they used only three-quarters of the $16 million allocated for private non-profit activity in the proposed capital budget, because of the disproportionate number of rooms and senior citizens units.

Renovations. No target was set in the Living Room report for renovations by private non-profit groups. The best indication of their activity in this field is RRAP grants approved for the groups in the City from 1974 funds. C.M.H.C. reports that a total of $629,804 was approved for 10 groups over the year, as shown in Table III. Another facet of renovations activity is work in City projects contracted to private non-profit groups. In 1974 Don West Neighbours, through an affiliated company, completed a $30,000 renovation of six units in the Spruce Court project. There are prospects of additional work in other City projects in 1975.

City support of Private Non-Profit Groups. The Housing Department has followed the policy established in the Living Room report of providing active encouragement to the private non-profit groups. This has taken several forms. The Housing Department is prepared to consult with private non-profit groups in making recommendations regarding the selection and allocation of City land banking sites. City staff have given technical support to non-profit groups selecting properties, designing renovations and preparing applications to C.M.H.C. Frequently, members of non-profit groups review sites and properties under consideration by the City to determine whether these would be suitable for their purposes. Several such

TABLE III

PRIVATE NON-PROFIT RENOVATIONS PROGRAM, 1974

	Beds	Units	RRAP Grant $
Don West Neighbours	-	7	5,500
ForWard 9	-	57	136,900
Wigwamen	-	45	45,904
Dufferin Grove	-	29	72,500
Haslam House	9	-	4,500
Davenport Homes	8	-	5,000
Ward 3	-	12	30,000
Riverdale	-	12	27,500
Don Area Cooperative Homes, Inc.	54	59	174,500
Main and Gerrard	-	51	127,500
TOTAL	71	272	629,804

SOURCE: C.M.H.C. Toronto Branch, 1975.

properties have been referred to non-profit groups for action.

The practice has been established that the City will defer to private non-profit groups which are interested in and have the capacity to acquire a property that the City is considering.

The City has encouraged non-profit groups to bid on renovation work to be carried out on City acquired properties. Such work employs a non-profit work group and keeps the organization functioning in slack periods. Staff have explained the process of acquisition and development planning to individual members of non-profit groups in order to build up the expertise of the sector and help it move on to more ambitious projects.

The City has lent its weight to private non-profit representations to the Province and C.M.H.C. concerning program difficulties and funding requirements. Frequently, City staff members have joined private non-profit members in meetings with senior government officials to support the private non-profit position and demonstrate City support for specific projects. Some of these concerns have been the level of subsidy provided under Section 15.1 of the NHA, operation of the Neighbourhood Improvement Program, organization of a central resource agency for private non-profit groups, criteria for start-up grants, application of the Rent Supplement

Program, and the relationship of City housing and planning policies to proposed non-profit projects.

Organizational Assistance to Non-Profit Groups. The Living Room report requested that C.M.H.C. coordinate the provision of organizational assistance and start-up funds with the City for non-profit groups. Under the Community Resource Organization Program (CROP), C.M.H.C. has organized management courses and provided advice and grant funding to the non-profit sector to organize its own organizational resources. In 1974, the Metro Labour Council received a CROP grant to fund the Labour Council's development foundation as a resource body in the Toronto area.

The Labour Council Development Foundation was organized to carry out research, circulate information, and assist in the development of non-profit groups in the area. In 1974, the Foundation conducted feasibility studies on a number of sites, incorporated the Main-Gerrard and John Bruce Village Cooperatives, helped finance the Main-Gerrard site purchase, advised cooperative groups on development questions, advised the Ontario Government on its Community Sponsored Housing Program, and held discussions with various municipalities on the non-profit sector.

A second group which has emerged in the non-profit sector is the Toronto Non-Profit and Cooperative Housing Federation. The Federation defines its main functions as:

- To supply and control non-profit support services, recognizing the ongoing need for development and management assistance.
- To speak with a unified voice to the four levels of government.
- To share information, skilled personnel, and experience on problems and solutions over both the long and short term.

In its first year, the Federation devoted its activities to research on the problems of the sector, meetings with the four levels of government, coordination of information sharing through workshops and publications, and discussions among the non-profit groups on common concerns. Recently, the Federation has discussed funding for its activities as a resource centre with the Province, C.M.H.C. and the Housing Department. The Housing Department is considering the proposal currently.

Financial support from government to the private non-profit sector consists either of grants to umbrella organizations like the Toronto Non-Profit Housing Federation or the Labour Council Development Foundation, or start-up grants to individual groups for initial development work on individual projects. On-going assist-

ance is also required by individual groups beyond the start-up stage, particularly in dealing with operating and management problems. The City, over the last three years, made very substantial grant funds available to non-profit groups carrying out house repairs. Now that federal and provincial funds will be flowing under the R.R.A.P. and O.H.R.P. programs, it would appear to be appropriate to divert some of those funds to assist co-operative and non-profit groups and tenants' associations (including those in City of Toronto Non-Profit Housing Corporation projects) in dealing with management problems. It is recommended that the Commissioner of Housing be instructed to report on a program of grants to non-profit groups and tenants' associations.

The 1975 Private Non-Profit Program

Targets. Targets for the private non-profit groups remain as set out in the Living Room report at 400 units of new production and 300 units to be acquired in 1975. The groups have had some difficulties in starting up, but with the incorporation of the Labour Council Development Foundation and the activity of the Non-Profit and Cooperative Federation, they are likely to be able to meet the targets. Funding corresponding to the targets for a total of $7.5 million plus $750,000 for renovations have been proposed to C.M.H.C. and the Province for the private non-profit sector.

TABLE IV

PRIVATE NON-PROFIT HOUSING PROGRAM IN CITY OF TORONTO:
PROJECTS UNDER DISCUSSION FOR 1975

Name of Organization	Number of Units								Amount of CMHC Loan $
	Family		Hostel		Senior Citizen		Total		
	New	Existing	New	Existing	New	Existing	New	Existing	
Ashby House	-	-	-	6	-	-	-	6	80,000
Clarendon House	-	-	25	-	-	-	25	-	250,000
Don West*	-	-	-	-	12	26	12	26	350,000
High Park Alhambra United	-	-	100	-	-	-	100	-	1,000,000
160 Huron Street	-	60	-	-	-	-	-	60	1,200,000
Petahbun	-	-	-	17	-	-	-	17	170,000
Rock Foundation	-	-	-	-	-	10	-	10	250,000
Sussex Housing Company	-	6	-	40	-	-	-	46	260,000
Summer Glen	-	6	-	-	-	-	-	6	100,000
Wigwamen, Inc.	-	87	-	-	-	-	-	87	2,458,000
York Lee Lodge*	-	-	-	-	-	10	-	10	100,000
TOTAL	-	159	125	63	12	46	137	268	6,038,000

*These are hostel units for senior citizens.

SOURCE: C.M.H.C. Toronto Branch Office, 1974, and Ontario Ministry of Housing, Community Sponsored Housing Branch, 1974

C.M.H.C. currently has projects totalling 137 units of new construction and 268 units of acquired housing under discussion for 1975. The total value of mortgage commitments for this activity is $6.0 million in the City of Toronto. (See Table IV.) Altogether, C.M.H.C. estimates that about $20 million of projects are under discussion for 1975 in Metro Toronto. The total funding for private non-profit activity in 1975 will be based on these projects plus an estimate of activity for groups which have not yet come forward with projects. In general terms, C.M.H.C. and the Province expect that non-profit groups will have a level of activity in 1975 similar to that in 1974.

C.M.H.C.'s figures for projects in the City under discussion for 1975 show similar patterns to the activities of 1974. Once again, private non-profit activities are weighted in favour of acquisitions of existing housing. Some 66 per cent of the units added to the non-profit sector will probable be existing accommodation. As in 1974, family accommodation is expected to play a very small part in new construction. There are no indications of new family construction in the projects under discussion. In existing housing, the family component is much stronger and reaches nearly 60 per cent of the units, as shown in Table V.

TABLE V

PRIVATE NON-PROFIT ACQUISITIONS, 1975
NON-FAMILY AND FAMILY UNITS

	Number of Units	Percentage of Units
Non-Family Units (Rooms, Bachelor and 1 Bedroom Apartments)	109	41
Family Units (2 Bedroom Apartments and Over)	159	59
TOTAL	268	100

SOURCE: CMHC Toronto Branch Office, 1974, and Ontario Ministry of Housing, Community Sponsored Housing Branch, 1974.

C.M.H.C. and Private Non-Profit Objectives. The private non-profit groups have social objectives which go beyond the objectives of Section 15.1 of the National Housing Act. C.M.H.C.'s non-profit program under the Act is aimed to create a stock of low rental housing for moderate and low income households. The private non-profit groups in the City are also determined to integrate moderate and low income people rather than isolating assisted groups as under traditional public housing. The non-profit groups also are interested in preserving existing neighbourhoods in the City. Non-profit housing is a means of stabilizing residential neighbourhoods for moderate and low income people as well as rehabilitating the housing stock in inner-city neighbourhoods.

C.M.H.C.'s non-profit program was not intended to achieve objectives such as the preservation of a particular group of houses or the stabilization of a particular neighbourhood or other urban planning objectives. The opportunities to meet these objectives under the program, in the view of C.M.H.C., will be rare in the inner cities and other high cost areas. Rather than increase the subsidy under Section 15.1 by higher start-up grants or a lower mortgage rate, C.M.H.C. has looked to other programs to increase the economic feasibility of non-profit housing.

Neighbourhood Improvement Program. The private non-profit groups have urged C.M.H.C. to make Neighbourhood Improvement Program funds available to subsidize the acquisition of land for non-profit housing. C.M.H.C. has stated that NIP may be used to clear small pockets of blight within designated areas and hence make land available for non-profit housing. Any required write-down on the land cost is a charge against the NIP budget; however, NIP funds cannot be used directly to acquire existing housing. The NIP has two further limitations: NIP funds in Toronto are strictly limited and cannot provide enough real resources to carry the non-profit program; and the City has found it difficult to operate NIP in 1974 because of cumbersome administrative procedures requiring multiple approval at the senior levels of government.

Non-Profit Cooperative Housing in the Middle Income Range. The Toronto Non-Profit and Cooperative Housing Federation, in its meeting with the Minister of State for Urban Affairs on December 14, 1974, asked that the NHA be amended to permit funding of middle income non-profit housing. Under this proposal, C.M.H.C. would provide 100 per cent insured mortgage funding for cooperative developments to serve the income range of $14,000 to $22,000. The intent is that after perhaps five years, such housing would filter down to moderate and lower income groups. C.M.H.C. is currently reviewing the proposal.

Administrative Difficulties. The private non-profit program has been beset by many administrative difficulties which have delayed projects and discouraged the non-profit groups. In many respects, these difficulties impede the City non-profit program, but the City has sufficient resources of its own to cope with the program in many instances where a private non-profit group would be forced to abandon a project. Nevertheless, the City shares the concern of the private non-profit groups with these difficulties and supports their efforts to improve the functioning of the program. In support of the private non-profit sector, the City should make the following recommendations on administrative difficulties:

- Start-up Grants. Start-up grants should not be repayable to C.M.H.C. and hence should not be merged with the mortgages of approved projects. Start-up grants should be non-repayable to the extent that they include all of the costs of preparing a project up to the stage of C.M.H.C. mortgage commitment. Any capital costs, including the preparation of mechanical and architectural working drawings, could be considered capital costs and included in the mortgage.
- Rent Supplements and Rent Surcharges. Currently, C.M.H.C. rent surcharges and provincial rent supple-

ments are incompatible. C.M.H.C. requires surcharges to be paid by some households in income ranges which the Province considers eligible for rent supplement. The City recommends that C.M.H.C. adjust its surcharge system so as to be compatible with the provincial program.

- C.M.H.C. Decentralization. The private non-profit groups have suggested that C.M.H.C. decentralize its decision making processes to the Toronto Branch Office to accelerate processing of applications. The City endorses this position and recommends that C.M.H.C. decisions on individual new construction and acquistion projects of private non-profit groups be made at the regional and branch level.

RECOMMENDATIONS:

1. That City Council instruct the Commissioner of Housing to report further on a program of City grants to non-profit groups and tenants' associations.

2. That City Council urge the Central Mortgage and Housing Corporation to make start-up grants to private non-profit groups non-repayable to the extent that they include all the costs of preparing a project up to the stage of C.M.H.C.

mortgage commitment.

3. That City Council urge the Central Mortgage and Housing Corporation to adjust its surcharge system so as to be compatible with the rent supplement criteria proposed by the Province.

4. That City Council request the Central Mortgage and Housing Corporation to decentralize its decision-making processes to the Toronto Branch Office to accelerate the processing of applications.

CHAPTER VI

SENIOR CITIZEN HOUSING

The Senior Citizen Program is operated in the City as in the other area municipalities of Metro, by the Metropolitan Toronto Housing Company Limited. The aim of the program is to provide housing to Metro residents over 60 years of age, particularly those with low and moderate income. Residents in Metro Senior Citizens accommodation must now satisfy the one-year residency requirement established by Metro Council. Single persons must have less than $500 monthly income and couples less than $700 monthly from all sources. New Senior Citizens projects in Metro are financed mainly by C.M.H.C. which puts up 90 per cent of the capital under the Public Housing provisions of Section 43 of the NHA for rent geared to income housing. Operating losses are shared 50 per cent by Metro and 50 per cent by C.M.H.C., although a new provincial program has been announced to substantially reduce the Metro share of the operating costs.

Targets and Objectives

The Living Room report recommended a Senior Citizen housing target of 250 units for 1974 which would be built at a cost of about $4.5 million. Several objectives which were established for public housing programs in the report bore directly on the Senior Citizens program:

- Priority should be given to those programs which allow the integration of low and moderate income households, and of elderly persons with other households with no children.
- Projects should be of a scale which allows for the integration of the assisted housing within the surrounding community .
- Programs and projects should be considered against their ability to meet site selection criteria to be developed by the City Planning staff and adopted by Council.
- Programs should be utilized which give effect to Council's stated policy that some measure of priority be given to area residents when selecting tenants for projects.
- Priority should be given to programs and to projects within programs in which there is a real opportunity for participation by residents in the management of the projects.
- Where possible, projects should be relocated on land assembled by the City under its land banking program to ensure maximum City involvement in the planning of the project.

TABLE I

SENIOR CITIZEN HOUSING
IN CITY AND METROPOLITAN TORONTO, 1974-75

Area Municipality	Senior Citizen Housing Units				
	Stock 1973	Completions and under Construction 1974	Stock 1975	Percentage of Total Units	Per 1,000 Population
City of Toronto	1,338	350	1,688	18.0	2.4
Scarborough	1,652	1,317	2,969	32.2	8.3
North York	2,377	284	2,661	28.8	5.3
Etobicoke	1,099	-	1,099	11.9	3.8
York	637	-	637	6.9	4.8
East York	201	-	201	2.2	1.8
Total: Metro Toronto	7,304	1,951	9,255	100.0	4.3

SOURCE: Metropolitan Toronto Housing Company Limited, 1974.

The Living Room report also recommended that the Province pay 42½ per cent of the operating losses of Senior Citizen projects, leaving 7½ per cent to be paid by Metro.

Program Implementation

In terms of new Senior Citizen units, completions and units under construction in 1974 met the Living Room target. In the City, 350 new units in the Danforth and Greenwood site were completed last year, bringing the City stock of Senior Citizen housing to 1,688 units.

As shown in Table I, however, the City stock of Senior Citizen housing is fairly small in terms of: the City's population compared to the other Metro municipalities; the higher proportion of elderly people living in the City as compared with the rest of Metro; and the attractiveness and convenience of the City as a place to live for the elderly.

While production was substantial in 1974, no new Senior Citizen projects were approved in the City. City Council has discussed the conversion of some apartment hotel proposals to Senior Citizens accommodation and these projects are under review currently. In order to meet the production targets for 1974 and 1975, the City is considering several sites, including City-owned parking lots, which have an identified capacity of several hundred units.

The 1975 Senior Citizen Program

Targets. The City has sharply increased its target for approvals for Senior Citizen housing from the level contemplated in the Living Room report. While the target set was only 250 units for each of 1974 and 1975, the City now proposes a target of 1,000 units for 1975. This is compatible with the Metro target of 1,800 - 2,200 units proposed in the Metro draft interim housing policy. The increased target for the City would compensate for the lack of approvals for Senior Citizen and Public Housing programs in 1974 as a large number of senior citizens were being served by public housing built elsewhere in Metro.

The Metro Toronto Housing Company Limited expects that 700 units of Senior Citizen housing will be approved in 1975 for sites under consideration in the City. Currently there are no approvals anticipated this year elsewhere in Metro. Starts at sites in the City are not expected until late in 1975 at the earliest, and likely in 1976.

Sites to meet the 1,000 unit Senior Citizen target in the City include a 100 unit site in the West End, 270 private market units in South St. James Town and two or three one acre sites under consideration in the downtown area that will yield about 300 units. In addition, there will be a substantial Senior Citizen component in the Parking Authority sites discussed under the City Non-Profit New Housing Program.

The City and Metro Toronto assign a high priority to Senior Citizen housing. By the end of 1974, there were waiting lists for 3,000 units at the OHC Tenant Placement Office and 2,000 units at the Metro Housing Company. Considering that there are 5,000 applications on file for Senior Citizen housing in Metro, the 2,200 unit Metro target and the 1,000 unit Toronto target seem reasonable.

The success of the Senior Citizen program in 1975 depends heavily on the cooperation of the senior levels of government. The Province has recognized the high priority of Senior Citizen housing and it set a Province-wide target of 6,000 new units for 1974. Nevertheless, production has lagged behind and it now seems that less than half of the target will be achieved by the end of the 1974-75 fiscal year. The City is hopeful that C.M.H.C. will help the Province and the municipalities to meet their commitments in Senior Citizen housing with a substantial increase in funding. C.M.H.C. support is essential to operating a balanced new construction program which recognizes the urgent need for both new family accommodation and Senior Citizen housing.

Metro and City Roles. The draft interim Metro housing policy recommended that the production and management of Senior Citizen housing remain a Metro responsibility. The City continues to endorse that position. The Metro Toronto Housing

Company Limited has made a valuable contribution, although the quantity of housing produced has not been great.

Much increased cooperation, however, between the Metro Toronto Housing Company Limited and the area municipalities in site selection and project development will be required. One of the key factors limiting the volume of production has been a lack of appropriate sites. Area housing and planning staffs should embark on an aggressive program of locating potential sites and offering them to the Metro Housing Company, together with suggested design guidelines which would lead to a successful project.

The best means of meeting such objectives for the Senior Citizen program would be to locate projects on lands assembled by the City under its land banking program. The City would then sell or lease the sites to the Metro Housing Company Limited. The City would be in a position to promote its objectives of integrating Senior Citizen housing with other non-family units, designing projects on a scale compatible with the surrounding neighbourhood and providing for participation by residents in the management of the project. Senior Citizen housing will also be integrated as a social housing component in private developments, such as South St. James Town project.

While the Metro Housing Company Limited should probably continue in its present role, we are concerned about the long-term future of the Senior Citizen housing program. Some elderly people may prefer to live in segregated projects, others may not. Many would prefer to continue to live in their existing neighbourhoods for as long as possible. The emphasis on integration of people in housing should provide that choice to the elderly. Alternatives to the present program must be created which provide that choice.

In the short term, changes are required in the age limits of the program. The draft interim Metro housing policy suggested that the Metro Social Services Department consider reducing the age requirement for admission. Provincial officials also believe the requirements should be lowered and the City agrees. The City should recommend that the minimum age for admission be lowered from 60 to 55 years, to broaden the group to whom the housing is available.

Tenant Selection. The Living Room report established the objective of utilizing programs which give effect to City Council's policy that some priority be given to area residents when selecting tenants for projects. In the Senior Citizen program, waiting lists are compiled on a Metro-wide basis. The City recommends that Metro introduce a criterion which

would give additional weight to the applications of City residents who wish to be accommodated in Metro Senior Citizen housing within the City. Eventually, a criterion which related this preference to specific neighbourhood areas within one mile of Senior Citizen projects would be desirable.

City Council has opposed the one-year residency criterion established for Metro Senior Citizen housing and it is recommended that the new Metro Council reconsider this policy in the light of the preferences of individual area municipalities where Metro Senior Citizen projects may be located.

There is an important Senior Citizen component in City non-profit projects as well, since 25 per cent of the units are filled by persons eligible for the OHC rent supplement. Currently, there is an understanding between the City and OHC that vacancies in rent supplement units may be filled by eligible persons on the City's waiting list. OHC is prepared to consider the City's views on the suitability of specific projects for senior citizens on the basis of the characteristics of the area, transportation facilities, the size of units and the design of the buildings. The City believes that this arrangement with OHC provides a good means of letting applicants for Senior Citizen housing choose to be located in a mixed project. The Metro program, on the other hand, may be better suited to elderly persons who prefer to locate in the project which serves only senior citizens.

Financing. The Minister of Housing on October 18, 1974 undertook to reduce the Metro share of operating losses in Senior Citizen housing from 50 per cent to 7½ per cent. However, the increased subsidy would apply only to units built in the future. While the new subsidy will provide important assistance, the City should call upon the Province to redress the past inequity and assume the additional cost for existing units as well.

RECOMMENDATIONS:

. That the City Council instruct the Commissioners of Housing and Planning to review potential sites for Senior Citizen projects and recommend sites which may be assembled by the City with a view to developing design guidelines and offering such sites to the Metropolitan Toronto Housing Company Limited for construction and management.

. That City Council recommend to Metro Council that the minimum age for admission to Senior Citizen housing projects be lowered from 60 to 55 years.

. That City Council request the Metropolitan Toronto Housing Company Limited to introduce a selection criterion which would give additional weight to the applications of residents of an area municipality who wish to be accommodated in Metro Senior Citizen housing within the area municipality.

4. That City Council request the Metropolitan Toronto Council to reconsider the one-year residency requirement established for Metro Senior Citizen and other public housing in general and with particular reference to projects located in the City of Toronto.

5. That City Council request the Province to pay 42.5 per cent of operating losses on existing Senior Citizen housing projects.

CHAPTER VII

PRIVATE PRODUCTION AND THE ASSISTED HOME OWNERSHIP AND LIMITED DIVIDEND PROGRAMS

As was noted in the analysis of housing market conditions in the first section of this report, the likely level of private market production in the coming year is extremely difficult to predict, depending as it does on the availability and cost of financing and on construction costs. There are a number of projects in advanced planning stages, some of which require no further approvals, which could be under construction this year if interest rates improve.

The revised Windlass and Quebec-Gothic projects would provide in excess of 1300 units. South St. James Town, which has been approved in principle by Council, would provide more than 1100 additional units. Several other major projects have been the subject of successful discussions between the proponents and the community groups involved and are likely to be considered by Council shortly. These lands include the Four Seasons project on St. Clair with more than 300 units and the DWS project with almost 200 units.

There are also a number of much smaller infill projects under discussion, a number of which are presently under review by the Commissioner of Planning. Housing and Planning staffs are discussing with the owners of several apartment hotel sites the possibility of converting proposed developments to family housing projects at substantially reduced densities. Discussions have been held with a number of owners interested in building housing within the densities permitted under the modified holding by-law. Most of this housing is

contemplated as condominium development for the reasons set out in the first section of this report. In almost none of our discussions with builders have they been prepared to consider building new rental projects, except under the Federal-Provincial Limited Dividend Program in which a reduced interest rate is provided in exchange for a contractual control over rents for a fifteen year period.

Limited Dividend Housing

The Federal Government has put decreased reliance on the Limited Dividend (or Low Rental Housing, as it is officially called) Program over the last five years. That is in keeping with the history of the program, in which it has been relied upon to increase starts during periods of economic slowdown and/or housing shortage. The result was frequently inadequate housing, built on marginal sites, with insufficient facilities and site planning and in a form which was not suitable for families.

That was the experience in 1970 and the program was once again shut down. However, in November, 1974, the Federal Government announced that it would provide $50 million for the program across the country, in order to ease the rental housing shortage. The Province undertook to at least match the federal funding in 1974, and it appears that in 1975, the Federal Government will provide $25 million and the Province $50 million for the funding of the program.

While the financing terms are attractive, i.e., 8 per cent interest

rates and 95 per cent mortgages over a fifty year term, the better and more responsible builders have generally stayed away from the program because of the reduced profitability inherent in the fifteen year control of rents. It may however be that the present financing picture and the prospect for reduced interest rates is sufficiently grim that responsible builders will offer suitable projects to the federal and provincial governments. The City should encourage private builders to make such offers, provided that they meet the City's housing policy and criteria with respect to appropriate form and location. The federal and provincial governments should be requested to seek the concurrence of the City before making funding commitments and should themselves develop criteria to ensure that low rental housing is adequate housing.

One of the requirements under the latest federal-provincial call for low rental proposals was that up to 25 per cent of the units be made available to the Ontario Housing Corporation for rent supplement purposes. A similar policy was contained in the Living Room report requiring the tendering for rent supplement of up to 20 per cent of the units in all privately produced rental housing which require a rezoning. At completion, the owner would have to offer the agreed upon percentage of units to the Ontario Housing Corporation at the rents established for the project and for which other units were rented and if that was within a range acceptable to O.H.C. and the form and location were appropriate, it would accept the offer.

The consultants who prepared the Core Area Housing Study recommended that under current market circumstances, the provision of rent supplement

housing by the private sector should not be mandatory. They felt, as we do, that the economic incentive to produce rental housing was already so marginal that that one factor might be sufficient to dissuade new rental producers.

Particularly, in so far as most new rental production is likely to be either under the Low Rental Program in which an offer of rent supplement units is required, or in luxury, central area, mixed use developments in which the rents will be out of the program range, the requirement would seem to have little functional value at this time and should be dropped. Over the longer term, consideration should be given to the Core Area Housing Study's recommendation that private builders should be given incentives to contribute to the distribution objectives of the City's housing program, rather than being compelled to meet them.

Very little emphasis was placed on the Limited Dividend Program in the Living Room report, because the program has never provided substantial quantities of suitable family housing. In the capital budget proposed for 1975, it was suggested that 200 units out of 3000 assisted housing units should be funded under this program. It appears probable that more federal and provincial funds will be provided and more units funded under the program, given the concern to keep private rental producers active as a source of supply. The City should not oppose such funding, provided that qualitative standards are set at an adequate level and provided that sufficient funds are provided in total to meet program objectives in the Non-Profit, Land Banking and Senior Citizens' programs.

Assisted Home Ownership Program

The Living Room report suggested that 250 units should be approved under the Assisted Home Ownership Program in each of 1974 and 1975. Consideration was given only to the federal program, which provides more favourable funding then the provincial HOME program.

The Assisted Home Ownership Program operated by C.M.H.C., under Sections 34.15 and 34.16 of the National Housing Act, helps moderate income families with one or more dependent children become owners of new or existing housing. The program is intended to enable such families to become home owners without spending more than 25 per cent of their income on monthly mortgage payments.

Response to AHOP in the City of Toronto since its introduction in 1973 has been slight. Few units suitable for families existed at the maximum price of $31,580 which was set in 1973 and remained in effect until mid-1974. The number of approvals under the program was negligible and builders ignored AHOP due, as well, to the lengthy administrative procedures and the relative unprofitability of low cost units in a period of high demand. The announcement of a new maximim price level for Toronto in July, 1974, stimulated new interest in AHOP. While no purchasers were approved in the City, 191 units have been approved for 1974 in other Metro area municipalities.

The maximum new house price for which funding can be obtained in Metro Toronto is $44,900. For a unit priced at $31,580 or below, C.M.H.C.

will make a 95 per cent mortgage loan. C.M.H.C. will make a 95 per cent mortgage loan on the first $31,580 and 75 per cent mortgage loan on the remainder for properties priced between $31,580 and $44,900. The full interest rate is 9 3/4 per cent, but as incomes drop below the maximum eligible level the AHOP subsidy comes into effect, lowering the interest rate. Depending on price of unit and the income of the purchaser, the supplement may have the effect of lowering the interest rate below 6 per cent.

The City takes no direct role in administering the AHOP program; however, Housing Department staff have negotiated with private developers to interest them in making up to 20 per cent of their units available through AHOP to moderate income households.

Under proposed amendments to the NHA, AHOP grants would be extended to moderate income families who borrow from approved mortgage lenders in 1975. Mortgage payment subsidies of up to $50 a month will now be available to home purchasers in the eligible income ranges. Previously, AHOP grants were available only to those who borrowed from C.M.H.C. This will increase substantially the capital funds available for the AHOP program although the income level served will not be as low. The $50 per month subsidy will probably serve only to bring the private lending rate down to the C.M.H.C. rate. That subsidy has much more impact when applied to bring the borrowing cost down below the already reduced C.M.H.C. rate.

The Assisted Home Ownership target has been increased from 250 units as proposed in the Living Room report to 400 units in 1975. This takes account of the changing market conditions and the CMHC decision to increase the allowable selling price under the program. It now appears likely that AHOP will be more successful in the coming year. The proposed target of 400 units will mean that the City comes close to achieving the overall target of 500 units for the first two years, 1974 and 1975, recommended in the Living Room report. In establishing this target, little reliance has been placed on the provincial program, Home Ownership Made Easy.

A higher target could be proposed to reach the total of 500 for two years, but it is felt that the request is already ambitious and that additional funds for AHOP would have to be taken out of other programs. At upwards of $40,000 per unit, AHOP is a costly program in comparision with assisted rental housing programs. Moreover, purchasers are not locked into AHOP units and in a few years may turn over the housing at a substantial capital gain. Thus, AHOP brings less long-run public benefits than the assisted rental programs. AHOP would be a more acceptable alternative if the capital gain of purchasers were limited under a cost-of-living formula or other similar index.

Home Ownership Made Easy

The provincial HOME Plan is intended to provide low cost ownership housing on leased land for low and moderate income families. Ontario Housing Corporation rents serviced lots to builders from its land assembly holding. OHC establishes target prices based on building costs in the municipality in which lots are located and builders are invited to submit their best prices in relation to the target price levels. The Province then provides to the builder 95 per cent financing at 9 3/4 per cent amortized over 35 years.

By making serviced lots available on a lease basis, OHC removes the land costs from the necessary down payment on a new house. A home owner has the option of purchasing the lot at any time after five years of the lease have elapsed at the market value of the lot at that time. Generally, eligibility is limited to single income families earning up to $14,500 a year and to two-income families earning up to $17,000 annually.

The Province sold no HOME units in the City in 1974 and the Malvern project in Scarborough is the only active area in Metro. High land costs in the City and throughout Metro have deterred OHC from assembling land for the HOME Plan. OHC has found that land prices over about $12,000 a unit yield prohibitively high ground rents. In recent years, this has squeezed out HOME development of single family dwellings in Metro and condominium projects as well have gradually become uneconomic.

The assisted home ownership programs are operated by other levels of government, which make loan commitments to individual builders and provide subsidies directly to purchasers from those builders. The question remains what is the role of the City, as co-ordinator and facilitator of all assisted housing programs, in ensuring that program targets are met?

The Living Room report dealt with the issue of a mandatory requirement of low income rent supplement units in privately-produced rental housing but did not propose a similar requirement for the tendering of condominium units for assisted home ownership purposes. It was generally assumed that a similar 20 per cent tender requirement applied, but no policy was adopted by Council to deal with the matter. In September, 1974, the Commissioners of Housing and Planning were instructed to report to Council on the matter and they have been wrestling with the problems which are discussed below since that time.

In the interim, several projects have been dealt with on the assumption that Council would prefer to see a 20 per cent assisted home ownership component provided. Interim criteria were developed by Planning Staff in support of the 45 foot height limit holding by-law which would have required that up to 20 per cent of the units in a project be tendered for assisted housing purposes. In staff discussions with developers while attempting to give effect to that provision, a number of problems have become evident.

If the requirement is only one of tendering at selling prices for the

project, then builders of luxury units will not in fact have to make units available and will not be anywhere near an acceptable price range. Builders of moderate cost projects will have to make units available and will be under pressure to bring projects within program cost limits. So builders of a more reasonably priced product, with smaller profits (who are frequently smaller builders) will be pushed to cut prices, while builders of luxury projects will keep their profits intact.

However, there has been some tendency to treat the requirement not merely as one of tendering and of agreeing to market some of the units within the program price range. A number of proponents have indicated that they will not be prepared to do this, particularly where the project is envisaged as a luxury project with unit sizes of 1500 square feet and greater. They point out that these projects are condominia, which will be managed by residents through their condominium corporation. Operating costs and common area charges are borne by the owners. How are these to be distributed between owners of $100,000 units and owners of $40,000 units? Will owners of $40,000 units be able to pay for services and common area charges at the same level as owners able to afford $100,000 units? Disputes over sharing of costs and levels of service to be provided would disrupt the co-operative decision process which is aspired to in condominium projects.

We are concerned that uncertainties such as these might discourage new private market condominium production at the market end of the

spectrum. In the moderate income range, there now appear to be a number of builders prepared to build under government programs, given the present cost of money. At present it seems likely that the 400 unit target can be met without making the tendering of units mandatory.

Recent Council actions in moving to replace the 45 foot holding by-law with the modified interim holding by-law have to some extent rendered the question academic. The only legal lever available to Council to require that a private developer make units available for assisted housing is an agreement attendant upon a rezoning. Most of the Core Area will now be rezoned to permit development as of right at the densities and with the mix of uses set out in the interim criteria, subject only to site plan approval for the purposes set out in Section 35a of the Planning Act. In the Core Area,it will not be necessary to seek a rezoning to build housing and the City will have no way to require that a proportion of assisted housing units be provided.

It would be inequitable to require that such units be provided in projects outside the Core requiring rezonings, while allowing development to proceed in the Core without any such requirement. That also would not yield a large number of assisted housing units,given the emerging emphasis on the Core as the location for new housing.

A number of builders are now prepared to build under government assisted home ownership programs, not for reasons of altruism, but in order to tap the very broad(and widening) market of would-be purchasers who cannot afford today's escalated prices. Proponents of luxury buildings appear unwilling to include an assisted component and it would be unfair to require only producers of more reasonably priced units to make them available at a discount. The solution proposed by the Core Area Housing Study would appear to be the

appropriate one, i.e., permissible densities should be adjusted so that persons prepared to provide a proportion of units for assisted housing in a project would be allowed to build at a higher density than those building only market units.

It is recommended that the tendering of units for Assisted Home Ownership not be a condition of rezoning and that the Commissioners of Housing and Planning be instructed to report on an incentive system in which higher densities would be allowed to developers who agree to provide a proportion of the units in a given project for assisted housing purposes.

RECOMMENDATIONS:

1. That the Federal and Provincial Governments be requested to seek the concurrence of the City for making funding commitments under the Low Rental Housing Program.

2. That the requirement of the tendering for rent supplement purposes of up to 20 per cent of the units in all privately-produced rental housing which require a rezoning be dropped in 1974 and that the Commissioner of Housing be instructed to report on this matter as part of the proposed housing policy to succeed Living Room.

3. That Council indicate to the Federal and Provincial Governments that it has no opposition to increased funding of the Low Rental Housing Program provided that qualititive standards are set at an adequate level and provided that sufficient funds are provided

in total to meet program objectives in the Non-Profit, Land Banking and Senior Citizens' programs.

4. That the tendering of units for Assisted Home Ownership not be a condition of rezoning and that the Commissioners of Housing and Planning be instructed to report on an incentive system in which higher densities would be allowed to developers who agree to provide a proportion of the units in a given project for assisted housing purposes.

A P P E N D I X

TABLE I

OCCUPIED DWELLINGS
IN CITY AND METROPOLITAN TORONTO, 1971

	City of Toronto	Metropolitan Toronto
OCCUPIED DWELLINGS	224,440	773,990
Owner-occupied	93,730	424,780
Tenant-occupied	130,710	349,210
Single detached	51,995	354,965
Single attached	69,340	136,510
Apartment (flat)	103,085	282,240
Rooms per dwelling (average)	5.2	5.6
Persons per room (average)	.58	.60
Flush toilet (exclusive use)	214,090	758,620
Bath or shower (exclusive use)	209,995	752,100

SOURCE: Statistics Canada, 1971 Census.

TABLE II

HOUSEHOLDS
IN CITY AND METROPOLITAN TORONTO, 1971

	City of Toronto	Metropolitan Toronto
HOUSEHOLDS	224,710	774,470
1-person households	52,335	104,645
2-person households	63,380	201,070
3-person households	33,910	139,755
4 and 5-person households	47,680	240,560
6 to 9-person households	25,335	84,660
10-or-more-person households	2,070	3,780
Persons per household	3.0	3.3
Family persons in households	517,195	2,245,040
Non-family persons in households	167,955	338,855
By number of families:		
0	77,940	152,280
1	135,150	593,965
2 or more	11,600	28,220
Family households	146,755	622,185
Maintaining own household	143,255	615,205
Not maintaining own household	3,500	6,980
Households with lodgers	33,465	62,885

SOURCE: Statistics Canada, 1971 Census.

TABLE III

MAJOR OCCUPATIONAL GROUPS
IN CITY AND METROPOLITAN TORONTO, 1971

Occupation Major Group	City of Toronto		Metropolitan Toronto	
	Males	Females	Males	Females
Managerial, Administrative and Related Occupations	12,455	3,845	62,295	11,825
Teaching and Related Occupations	4,710	7,170	16,845	25,490
Occupations in Medicine and Health	3,890	11,305	11,440	30,715
Occupations in Natural Sciences, Engineering and Mathematics.)				
Occupations in Social Sciences and Related Fields.)				
Artistic, Literary, Recreational and Related Occupations.)				
Occupations in Religion)	18,870	6,425	64,815	14,785
Clerical and Related Occupations	22,950	53,830	82,150	195,330
Sales Occupations	17,645	9,860	91,545	37,670
Service Occupations	25,180	20,115	67,650	50,950
Farming, Horticultural and Animal Husbandry Occupations.)				
Fishing, Hunting, Trapping and Related Occupations)				
Forestry and Logging Occupations)				
Mining and Quarrying including Oil and Gas Field Occupations)	2,245	315	11,980	1,880
Processing Occupations	7,180	2,255	24,260	7,300
Machine and Related Occupations)				
Product Fabricating, Assembling and Repairing Occupations)	28,155	11,455	114,720	35,830
Construction Trades Occupations	19,820		69,625	
Transport Equipment Operating Occupations	10,475		40,485	
Other	16,795	6,470	59,625	21,960
TOTAL	210,800	148,335	769,970	474,875

SOURCE: Statistics Canada, 1971 Census.

TABLE IV

HOUSEHOLD, FAMILY AND NON-FAMILY INCOMES IN CITY AND METROPOLITAN TORONTO, 1971

	City of Toronto	Metropolitan Toronto
	$	$
Household Income		
Under $1,000	7,365	15,910
$ 1,000 - $ 2,999	23,195	51,660
3,000 - 4,999	24,620	58,610
5,000 - 6,999	30,585	79,445
7,000 - 9,999	44,025	152,415
10,000 - 14,999	49,020	226,695
15,000 - 19,999	22,805	105,265
20,000 and over	23,085	84,450
Average total income per household	10,821	11,912
Median total income per household	8,812	10,644
Average total income of household heads	7,292	8,654
Average employment income of household heads	7,384	8,730
Family Income		
Under $2,000	9,825	23,545
$ 2,000 - $ 2,999	7,345	18,065
3,000 - 4,999	17,710	45,965
5,000 - 6,999	23,720	67,675
7,000 - 9,999	37,765	145,150
10,000 - 14,999	37,390	208,105
15,000 - 19,999	13,365	83,835
20,000 and over	12,460	60,615
Average total income per family	10,508	11,841
Median total income per family	8,683	10,626
Average total income of family heads	7,783	9,155
Average employment income of family heads	7,717	9,046
Income of Persons not in Families		
Under $1,000	30,435	63,060
$ 1,000 - $1,999	33,905	70,655
2,000 - 2,999	16,245	31,740
3,000 - 3,999	16,360	30,670
4,000 - 4,999	17,545	33,985
5,000 - 6,999	30,555	60,975
7,000 - 9,999	22,810	46,880
10,000 and over	13,475	27,535
Average income	4,443	4,376

SOURCE: Statistics Canada, 1971 Census.

TABLE V

Proportion of Households in Ontario
Spending Large Fractions of Income on Shelter
By Income Quintile and By Tenure, 1972

COMMUNITIES OVER 500,000

	All Households	Lowest Fifth	Second Fifth	Third Fifth	Fourth Fifth	Highest Fifth
- Total Households (Thousands)	726	108	118	145	173	182
- % Spending Over ¼ of Income on Shelter	27.7	73.0	50.7	25.7	8.0	5.9
- % Spending Over ½ of Income on Shelter	7.8	49.4	2.5	0.0	0.0	0.0
- Number of Owners (Thousands)	394	39	42	65	107	141
- % Spending Over ¼ of Income on Shelter	9.7	28.5	17.9	15.3	6.8	1.8
- % Spending Over ½ of Income on Shelter	2.3	20.3	2.7	0.0	0.0	0.0
- Number of Renters (Thousands)	331	69	75	80	66	41
- % Spending Over ¼ of Income on Shelter	49.0	98.6	69.8	34.1	10.1	20.2
- % Spending Over ½ of Income on Shelter	14.4	66.5	2.4	0.0	0.0	0.0

Source: StatCan, Consumer Finance Survey 1972, unpublished tables.

NOTE: Household Income Limits are Defined: Lowest Fifth Means $0 to $5,000. Second Fifth Means $5,000 to $8,000. Third Fifth Means $8,000 to $11,000. Fourth Fifth Means $11,000 to $15,000. Highest Fifth Means Over $15,000.

TABLE VI

Growth of Population and Households by Metropolitan Area, 1961 to 1986

TORONTO	1961		1966		1971		1976		1981		1986
1. Total Population (Thousands)	1824.6		2158.5		2628.0		2886.2		3133.5		3372.9
2. Increase in Population (Th.)		333.9		469.5		258.2		247.3		239.4	
3. Total Households (Thousands)	482.6		586.5		774.5		885.3		982.3		1064.0
4. Increase in Households (Th.)		103.9		188.0		110.8		97.0		81.7	
5. Ratio of Pop. to Households	3.7		3.6		3.4		3.3		3.2		3.2
6. Ratio of Pop. Increase to Household Increase.		3.2		2.5		2.3		2.5		2.9	

HAMILTON	1961		1966		1971		1976		1981		1986
1. Total Population (Thousands)	395.2		449.1		498.5		537.2		579.6		624.7
2. Increase in Population (Th.)		53.9		49.4		38.7		42.4		45.1	
3. Total Households (Thousands)	105.2		123.4		146.3		164.3		181.1		196.4
4. Increase in Households (Th.)		18.2		22.9		18.0		16.8		15.3	
5. Ratio of Pop. to Households	3.7		3.6		3.4		3.3		3.2		3.2
6. Ratio of Pop. Increase to Household Increase.		3.0		2.2		2.1		2.5		2.9	